FINANCIAL TIMES

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WORLD NEWS

Lucas staff fear 4,000 job losses

Lucas Electrical, the motor components supplier, may be about to shed 4,000 more jobs, union leaders fear.

Senior shop stewards committee chairman Mike Nangle said the first batch of redundancies was expected to be announced in late January, with the rest phased over the following months.

Brokers estimate that Lucas, which makes everything from light bulbs to batteries and starter motors, lost £35m in the year to July, on a turnover of £260m. It has almost halved its UK workforce to 12,000 in the past five years, after being squeezed by declining markets. Back Page

Hussein, Assad to meet

King Hussein of Jordan will meet Syrian President Hafez al-Assad in Damascus on Monday to seal a rapprochement between their countries, which nearly went to war five years ago. Page 2

Coup plotters named

Nigeria's Government named 14 officers it said were behind last week's failed coup. One, Gen Mamman Vatsa, is a member of the Armed Forces Ruling Council.

Troops 'in Swaziland'

South Africa said it could not confirm Swazi claims that its troops crossed the border into Swaziland several times this week. Page 2

Call for neutral Kabul

Mrs Thatcher denounced the Soviet occupation of Afghanistan and suggested that an internationally-guaranteed neutral status for the country might offer a solution.

Owen looks to future

SDP leader Dr David Owen called for a concerted effort in 1986 to improve industrial performance, create a new consensus on the welfare state, and begin a public-private investment partnership in the inner cities. Page 3

Channel fares to rise

Townsend Thoresen ferry company is to raise cross-Channel fares next year near or above the inflation rate. Page 3

Gonzalez' Nato pledge

Spanish Premier Felipe Gonzalez said he would pull the country out of Nato if a referendum next year voted against continuing membership.

Ex-politician jailed

Hans Otto Scholl, former chairman of the Free Democratic Party in West Germany's Rhineland Palatinate state, was jailed for eight years for the armed roberry of a jewellery shop.

Martial law near end

Pakistan President Zia ul-Haq is expected to proclaim the end of martial law tomorrow, the official Pakistan Times newspaper said.

Sikh guards killed

Three Sikh temple guards died in a factional clash at Fatehgarh Sabih in India's Punjab state. A strike by militant Hindus closed many shops.

Kharg under attack

Iraq reported an air raid on Iran's Kharg Island oil terminal, the 58th since August, and said it hit "a very large naval target" in the Gulf.

Drought in Sao Paulo

Water rationing began in Sao Paulo, Brazil, the biggest city in South America, as a result of a six month drought.

Fond memories

James McDonnell returned to his wife Ann in Larchmont, New York, after 15 years. He had suffered amnesia after a 1971 car accident and lived in Philadelphia, until another bump on the head on Christmas Eve restored his memory.

BUSINESS SUMMARY

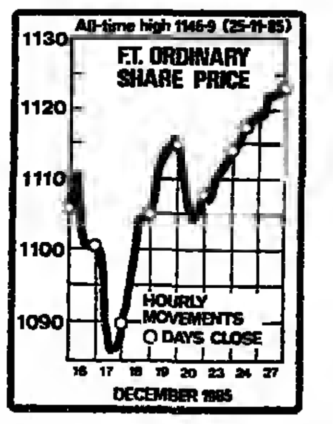
Gas licence proposals attacked

ELECTRICITY COUNCIL has attacked plans for the regulation of British Gas after it is privatised next autumn.

The council says the terms of the Department of Energy's proposed licence for the new corporation are too weak and will give it an unfair competitive advantage. Back Page

DOLLAR fell sharply on foreign exchange markets, hitting its lowest level against the D-mark for more than two years. Back Page: Currencies, Page 11

LONDON Stock Market reopened in lacklustre mood with many traders extending their Christmas break. The FT



Ordinary Index rose 7.1 to close at 1,123.3 for a gain of 17.4 over the two-week period. Page 12

SPANISH Government agreed a $1.1bn (£763m) financial package to enable Volkswagen to take 51 per cent ownership of state-owned car maker Seat.

CHEMIE LINZ, Austria's state-owned chemicals group, has decided to restructure Merx, its trading subsidiary, and discontinue its oil business. Page 2

CHRISTMAS sales are expected to help boost retail spending in December by 3 to 4 per cent above the same period last year. Page 3

FOOD manufacturers have been slow to market products which take advantage of the increase in microwave cooker sales, according to a food industry research group. Page 3

BANK STAFF union Bifu is taking Barclays Bank to an industrial tribunal over its alleged failure to consult about the transfer of some of its City-linked undertakings. Page 4

JAPAN'S current account and trade surpluses continued near record levels in November, despite the appreciation of the yen. Page 2

NORWAY has given US oil company Phillips Petroleum until February 3 to submit a plan to save the North Sea Ekofisk oilfield, which is sinking into the seabed.

STOCKBROKER Quilter Goodison, which opened a branch in a London department store to sell shares, is to open a brokers Office on similar lines in Truro, Cornwall. Back Page

NATIONAL Communications Union is seeking to meet Labour Party leader Neil Kinnock to discuss Labour policy on renationalising British Telecom. Page 4

BOUYGUES, France's largest construction group, has acquired a 9 per cent stake in French road-builder Screg, for about FFr 19m (£1.7m). Page 9

HOLMES & MARCHANT, Buckinghamshire-based marketing consultant, has conditionally agreed to buy Blitz Design & Graphics in a deal worth up to £4.9m. Page 8

PPL, one of the largest privately-owned computer software companies in the UK, is expected to join the stock market early next year with a value of about £10m. Page 8

Israel pledges to avenge attacks

BY OUR FOREIGN STAFF

ISRAEL YESTERDAY pointed to the Palestine Liberation Organisation as its chief suspect for responsibility for the terrorist attacks on El Al check-in desks at Rome and Vienna airports in which 17 people died. It said it would retaliate in accordance with its long-established policy of response to terrorism.

In the clearly co-ordinated attacks, more than 120 people were wounded, and the dead included five terrorists killed in shoot-outs.

Mr Yitzhak Rabin, Israel's Defence Minister, warned that his Government would fight terrorism "in every place and at any time." While blaming the Palestinian guerrillas for the outrages, he declined to specify which organisation within the movement might have been responsible.

In Israel, Mr Yassir Arafat's mainstream PLO was widely seen as responsible.

Mr Avi Pazner, Israeli Foreign Ministry spokesman said that in spite of the mainstream PLO's assertion that it had renounced international terrorism, it was behind all attacks on Israel. He promised that those found responsible would be "severely punished."

Heavy retaliation against the PLO in line with Israel's air raid against the organisation's Tunis headquarters, which left 60 dead, was thought likely by observers last night although Israel may have difficulty in finding another satisfactory target.

Both attacks were launched at about 9 am local time. In Rome five terrorists fired submachine guns and threw grenades killing 11 people and injuring more than 70 near Israeli and US airlines check-in counters at the city's Leonardo da Vinci airport.

Three of the terrorists were killed in a gun fight with Israeli security officers and Italian police, while two others were wounded and captured, officials said.

The main object of the attack appeared to be El Al but witnesses said the shooting seemed indiscriminate, involving the check-in areas of El Al, Trans World Airlines and Pan American Airlines, as well as a coffee bar and snack bar nearby in the international departures terminal.

At Vienna's Schwechat airport, three Arab gunmen hurled grenades and fired guns wildly into queues of passengers checking in at the El Al counter for a regular flight to Israel.

Mr Robert Danziger, an airport security chief, said investigations had established that the three who had stormed into the departure hall had used Russian-made Kalashnikov automatic weapons and thrown Russian-made hand granades into the crowd.

The gunmen were cornered by police after a chase in which they fired and hurled granades at police cars. One was killed and the two others were captured, both seriously injured.

In Tel Aviv last night, El Al passengers ariving from Vienna described how they watched hand grenades roll across the airport hall and explode among a group of people.

"The moment I saw those five small black balls rolling into the hall, I knew it was an action against Israel." Mr Reinhardt Schubert, an Austrian pasenger, said.

"I fell to the floor as the first grenade exploded and heard shots start. Within seconds there were 50 to 100 security men in action, some in uniform, some not."

Ms Elizabeth Trautinger, a schoolteacher from Austria, said she was leaving the hall as the violence erupted. "I looked back and saw a lot of blood on the floor, tables upturned, baggage and clothes everywhere."

El Al officials said 86 of the 133 people booked on the flight from Vienna eventually completed the journey. Most of the passengers were Austrians.

Following the seizure of the Italian cruise liner the Achille Lauro, in October by PLO elements and the hijacking of an Egyptair 737 in November by Arab terrorists, yesterday's attacks were being seen as a further blow to hopes for any movement towards a Middle East peace settlement next year.

Mr Daoud Parakat, the PLO spokesman in Vienna, condemned the attack there. No other faction of the movement claimed responsibility for either attack.

The Italian secret service believes the terrorists belong to the extremist group led by the Damascus-based Abu Nidal which is dedicated to preventing any peaceful settlement of the Middle East conflict and is a sworn enemy of Mr Arafat.

The Israeli view, shared by Western analysts, is that his "Fatah — the Revolutionary Council" can undertake little without the blessing of the Syrion regime and on occasions acts as its agent.

If the PLO is held responsible by Israel, Syria must be ruled out as a target for retaliation because the country still counts Mr Arafat as one of its foremost enemies.

There have been warnings from the right-wing of the coalition government in Jerusalem that Israel might not ignore indefinitely the build-up of the "official" PLO's presence in Jordan—whose King Hussein is scheduled to hold talks with President Assad of Syria today.

Terrorism toll, Page 2

Bodies cover the floor of the international lounge at Rome airport after the attack by Arab terrorists.

Westland asks Thatcher to clarify defence policy

BY LIONEL BARBER

SIR JOHN CUCKNEY, chairman of Westland, Britain's ailing helicopter manufacturer, is to write to the Prime Minister seeking clarification of UK defence procurement policy following yesterday's revised rescue plan by the European aerospace consortium.

Sir John said last night the Westland board could not consider seriously the new European offer since it was based on the assumption that the UK government backed a "buy European" helicopter policy.

The new offer, which is strongly supported by Mr Michael Heseltine, the Defence Secretary, contains the promise of a British Ministry of Defence order for six Sea King helicopters. Sir John said, however, the order stemmed from an agreement from the National Armaments Directors of the UK, France, Italy and West Germany, to rationalise parts of the European helicopter industry and to "buy European" in future.

Sir John pointed out that Mr Leon Brittan, Trade and Industry Secretary, had told the House of Commons earlier this month that the UK Government was not bound by the recommendations of the four National Armaments Directors. "I think we need to be clear whether this is a collective Government decision," said Sir John.

Yesterday, Mr Heseltine, in a personal statement, stood by the Sea King order. He said the order was made possible by a £25m savings arising from an agreement between the four European defence ministers to merge two competing Battlefield helicopter programmes — the A129 favoured by Italy and the UK, and the PAH2 favoured by France and West Germany.

Mr Heseltine said the proposals had been made available to his Cabinet colleagues and to Sir John Cuckney on December 13, the day Westland rejected an earlier European offer and backed the rival Sikorsky-Fiat proposal.

The debate on the Sea King order is one aspect of a far wider question of how UK Government procurement policy affects the viability of the European solution.

The new offer announced by Lloyds Merchant Bank, contains a guarantee of 1.5m man-hours sub-contracting work over three years offered by the European consortium, which includes GEC and British Aerospace, Agusta of Italy, Aerospatiale of France, and Messerschmitt-Boelkow-Blohm. This counters the criticisms by Westland that the original offer of 3.3m man-hours spread over five years was not guaranteed.

But it also includes an implicit threat by the Europeans that if Westland pursues the Sikorsky-Fiat solution it will run the risk of being excluded from two European collaborative projects—the NH90 and the Battlefield helicopter — planned for the 1990s.

The Ministry of Defence position, as reported in a letter from Lloyds Merchant Bank to Westland, is that the Ministry "would not wish to see work (on the collaborative projects) jeopardised by Westland putting itself outside the framework of that co-operation in order to manufacture (Sikorsky's) Black Hawk helicopter for which the Ministry has neither the requirements nor the funds."

It is this threat which has exercised the Westland board in the past week. Westland is to hold a full board meeting early next week to consider both proposals and will not make a final decision either way until the UK defence procurement policy is restated

Reagan and Gorbachev in reciprocal broadcasts

BY STEWART FLEMING IN WASHINGTON AND PATRICK COCKBURN IN MOSCOW

PRESIDENT Ronald Reagan of the US and Mr Mikhail Gorbachev, the Soviet leader, have agreed to address each other's nations on New Year's Day.

The decision, announced by the two superpowers yesterday, follows persistent pressure from the US for Mr Reagan to be given the opportunity to speak directly to the Soviet people. In Moscow the plan was unveiled by Mr Vladimir Lomeiko, the Soviet foreign ministry spokesman.

It was seen in the Soviet capital as a major official change of approach towards Mr Reagan, and one of the first signs of improved relations between Moscow and Washington since the Geneva summit in November.

US officials have been increasingly unhappy about the ease of access which Soviet leaders have had to the Western media. Mr Gorbachev is considered to have emerged as a skilled negotiator during his few trips to the West.

Mr Gorbachev did not mention the planned exchange of messages yesterday when he reiterated Soviet willingness to allow on-site inspection of missile sites in an address to foreign ambassadors at a Kremlin reception. Mr Gorbachev, however, gave no intimation of Soviet intentions after the six-month moratorium on the testing of nuclear weapons—declared unilaterally by Moscow—runs out on January 1.

The Soviet leader gave a cautious summary of the state of East-West relations saying

Continued on Back Page
Man of the year, Page 7

Colombia in coffee pact move

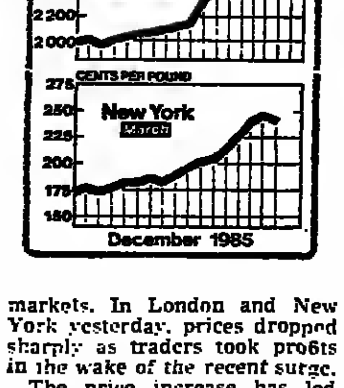
BY SARITA KENDALL IN BOGOTA AND ANDREW GOWERS IN LONDON

PRESIDENT Belisario Betancur of Colombia, which is the second largest coffee producer, has launched an initiative aimed at saving the International Coffee Agreement, the price support pact threatened by the rise in coffee prices.

In a letter this week to 15 heads of state in Latin America, Africa and Asia, President Betancur called for an immediate suspension of coffee export controls in a bid to halt market speculation which has increased coffee prices by more than 60 per cent in the last three months.

He made a thinly-veiled reference to Brazil, where drought is expected to halve the coffee crop next year, suggesting that producing countries with climatic problems should supply clear estimates of harvests to try to calm the market.

President Betancur's intervention comes amid turbulent conditions in coffee futures markets. In London and New York yesterday, prices dropped sharply as traders took profits in the wake of the recent surge.



The price increase has led the International Coffee Organisation, the London-based body which administers the coffee pact, to release 5m extra 60-kilogramme bags of coffee onto the market.

The fact that there is no immediate shortage of the commodity has had no effect. Speculators and coffee roasters are buying heavily in expectation of a shortage from June, when the Brazilian harvest starts.

As prices stand, the ICO is due automatically to lift all export controls in mid-February.

President Betancur's letter, however, called for this to be brought forward to prevent a price spiral that would reduce coffee demand in consuming countries and undermine producer incomes.

It underlines the importance of the survival of the coffee agreement — which aims to keep prices up through an elaborate system of export controls — to countries such as Colombia and Brazil, the biggest

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Coffee prices fall, Page 11

WEEKEND FT

ABORIGINES

White Australia will soon celebrate its bicentennial. But how, asks Michael Thompson-Noel, will it explain to the world its treatment of the Aboriginal minority?

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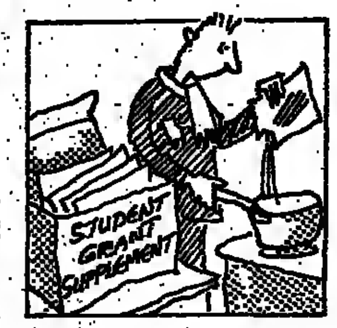

SAVINGS

Advice for Parents and students on how to cope with the changes in education grants.

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THE FUTURE

Lucia van der Post on palm reading, tarot cards and clairvoyancy.

Page IX

SPORT

The 1986 sporting calendar

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MARKETS

DOLLAR

New York lunchtime:
DM 2.469
FFr 7.585
SFr 2.0815
Y202.05

London:
DM 2.472 (2.506)
FFr 7.585 (7.68)
SFr 2.0875 (2.105)
Y202.2 (202.8)

Dollar index 126.3 (127.1)
Tokyo close Y202.92

US LUNCHTIME RATES

Fed Funds 7¾%
3-month Treasury Bills: yield: 7.18%
Long Bond: 106.055 yield: 9.26%

GOLD

New York: Comex February latest $329.1
London: $327 ($325)

STERLING

New York lunchtime $1.4415
London: $1.438 (1.4245)
DM 3.555 (3.57)
FFr 10.9075 (10.94)
SFr 3.0 (3.0)
Y290.75 (289.0)
Sterling index 77.9 (77.9)

LONDON MONEY

3-month interbank: closing rate 11⅞% (11⅞)
3-month eligible bills: buying rate 11¼% (11 5/32)

STOCK INDICES

FT Ord 1,123.3 (+7.1)
FT-A All Share 676.1 (+0.4)
FT-SE 100 1,398.9 (+7.4)
FT-A long gilt yield index: High coupon 10.41 (10.43)
New York lunchtime: DJ Ind Av 1536.01 (+9.52)
Tokyo: Nikkei 13,083.18 (−1.41)

Chief price changes yesterday, Back Page

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For London market and latest share index 01-246 8026: overseas markets 01-246 8086

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 60; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

Tony Walker looks back at a year marked by an upsurge in violence by terrorists

Extremists turn more to terrorism

If international terrorism is the new battleground between nations, 1985 seems certain to be remembered as an unpleasant watershed in the conflict.

The scale, number and intensity of terrorist incidents increased markedly in 1985 compared with the previous year, according to research carried out by the Centre for Strategic Studies at Tel Aviv University.

Mr Ariel Merari, who is responsible for an annual global study of terrorist activity, said the incidence of Palestinian-inspired violence increased by 124 per cent in the first nine months of 1985 compared with the same period last year. Shi'ite terrorism was up by 20 per cent.

Mr Merari said the percentage increase in the number of casualties was even larger because terrorist activity was becoming more lethal. He said it remained to be seen whether numbers of deaths from terrorism in 1985 would exceed those in 1983 which was marked by an upsurge of Shi'ite violence sparked by Israel's invasion of Lebanon the year before.

The Rand Corporation, a California-based private policy and research body, reported in 1984 that 1983 was the "bloodiest" year yet for world terrorism. There were 720 deaths and 963 injuries despite efforts by many countries to tighten safeguards against terrorist violence.

"This year, the figures may go even higher," Mr Merari said. "If so, it would be significant because we have not had one or two large incidents but a tendency towards a greater number of lethal attacks by terrorists."

Mr Merari cited as the five most spectacular and in some cases most bloody terrorist incidents in 1985 as: the mysterious explosion on the Air India jumbo which caused the deaths of more than 300 people; the hijacking of the TWA airliner to Beirut in June in which one person died; the storming of the supreme court in Bogota in which more than 100 people perished; the Achille Lauro affair in which one elderly American died and the hijacking of the Egyptair Boeing to Malta which resulted in the deaths of 59 people.

Mr Merari said the Malta episode signified a worrying escalation in the intensity of terrorist violence. The actions of the hijackers of the Egyptair Boeing represented an extreme disregard for civilian rights not encountered on such a scale before.

The Tel Aviv Strategic Studies Centre found that more than 90 per cent of Palestinian terrorist incidents took place in Western Europe, and more than half were directed against Arab targets.

Of these attacks against Arabs, an extremist Palestinian group led by Abu Nidal, the renegade figure who was sentenced to death in absentia by the Palestine Liberation Organisation, is believed responsible for about 30 per cent.

Most of Abu Nidal's targets and those of other pro-Syrian groups were Mr Yassir Arafat, PLO chairman, loyalists or Jordanian officials, several of whom were gunned down in European capitals. Mr Arafat's mainstream Fatah group retaliated, adding to the spiral of violence in 1985.

Mr Merari said that Abu Nidal, who was expelled from the PLO in the mid-1970s after waging war on moderates in the organisation, was being supported by both Syria and Libya.

Mr Merari said Abu Nidal was a "very serious candidate," for the world's number one terrorist but so was Abu Ibrahim, head of the extremist Palestinian May 15 Organisation, whose speciality was "exploding suitcases."

Mr Merari said there had been a clear increase in attacks by Palestinians on Israeli targets in 1985. These included more shootings and stabbings in the occupied West Bank and in Israel. He estimated the increase this year was about 25 per cent.

Last year was relatively quiet because Palestinian groups were in disarray after Israel's invasion of Lebanon in 1982, he said. Mr Arafat's mainstream faction was forced to regroup in remote Tunisia after the PLO defeat.

This year, Mr Merari said, PLO officials had moved back to Jordan and had re-established links with activists in the West Bank. Also, the Palestinian population in the occupied territories had recuperated from the depression that engulfed it after the PLO had been ousted from Lebanon.

The increase in Shi'ite terrorist activity was attributable in part to the continuing Iran-Iraq war. Iran was, Mr Merari said, a sponsor of Shi'ite actions against targets in the Gulf, particularly in conservative states like Kuwait and Bahrain, which have significant Shi'ite populations.

An Italian policeman forcibly detains a suspected Arab terrorist at Rome airport yesterday after a submachinegun and hand grenade attack on passengers.

Tighter curbs on foreigners in Italy urged

BY JAMES BUXTON IN ROME

THE terrorist attack on travellers in the check-in area of Fiumicino airport at Rome yesterday morning was the worst act of international terrorism to take place on Italian territory for more than a decade. It provoked immediate calls by Italian politicians for tighter control on the entry of foreigners into Italy.

The terrorists, believed to be Palestinians, started their attack by hurling two hand grenades at people in the vicinity of the Israeli airline El Al check-in desk, which adjoins that of TWA. Israeli security guards and Italian police immediately fired back at them.

When the battle ended three terrorists had been killed and two were lying wounded, one seriously. A possible sixth terrorist may have escaped. One Israeli security guard was killed.

Of the 10 civilians killed, two had been identified last night as Americans—a 20-year-old soldier, Mr John Buonocore, and 13-year-old Natasha Simpson, daughter of Mr Victor Simpson, news editor of the Rome bureau of Associated Press.

General Donato Miranda Acosta, the Mexican military attache, and his secretary were killed. Three other victims among those identified so far were Greek.

The Italian secret service believes that the terrorists belonged to the group led by Abu Nidal, an extremist who is believed to be living in Baghdad.

For Italy the affair immediately aroused uneasy memories of the hijacking in October of the liner Achille Lauro.

Mr Bettino Craxi, the Prime Minister, said it was necessary now to "make the states which guarantee terrorists protection and the possibility of arming themselves for their bloody raids face up to their responsibilities."

But yesterday the Republican Party, which temporarily brought down Mr Craxi's government over the Achille Lauro affair, put down a severely critical question in the Senate, which is to hold an emergency debate on the incident today.

Although the Italian police occasionally apprehend Arab and Levanes terrorists at Fiumicino and other border posts, it is well known that terrorists can enter Italy rather more easily than they do other European countries.

This is partly because citizens of most Mediterranean countries do not require visas to visit Italy, and there are large numbers of foreigners living in Italy, many of them illegally.

Mr Craxi forcefully denied in October tat Italy was more lenient towards international terrorists tan oter countries. He was replying to allegations tat Italy as sometimes turned a blind eye to Middle Eastern terrorists provided they have not attacked Italian targets.

The most serious international terrorist attack to occur at Fiumicino was on December 17, 1973 when men from the Black September Palestinian organisation killed 32 people on a Pan Am jet.

Vienna condemns 'unsurpassed brutality'

BY PATRICK BLUM IN VIENNA

THE attack on the El Al Israeli airline at Vienna's Schwechat airport yesterday was one of the worst terrorist incidents to date in Austria.

It happened just before 9 am local time in the crowded departure hall as passengers were checking in for the flight sheduled to leave at 10.45 for Tel Aviv. Dozens of passengers, several of them believed to be among the injured, were queuing at a nearby desk for a charter flight to Heraklion in Greece.

Passengers and airport staff threw themselves to the ground as men of Middle Eastern appearance stormed into the area near the El Al check-in desk rolling hand grenades along the floor and firing wildly into the crowd.

Austrian police and security officers fired back but in the chaos the two men ran into the parking area outside where a third man was waiting for them in a hijacked Mercedes. The three continued to fire wildly around the car park hitting two buses and several cars and then fled towards a nearby village.

The getaway car was eventually forced to stop and in the following gun battle one terrorist was killed and the other two seriously injured.

Dr Helmut Zilk, Vienna's socialist mayor, who visited the scene shortly after, said the attack was "an act of terror with an unsurpassed level of brutality. Let nobody say this is just a war against Israel as Austrians, who have no connection, were dragged into it."

Dr Zilk defended security precautions at the airport. "Police measures were the maximum possible in a civilised country. There is nothing more we can do against acts like this." he said.

The attack was condemned by Mr Daub Barakat, a spokesman for the Palestine Liberation Organisation (PLO) in Vienna. The PLO distanced itself from all types of terrorist attacks, he said.

Austria has close relations with most Arab states and with the PLO, and this has strained its relations with Israel. This, however, has not spared Austria from terrorist outrages.

In 1973 Arab terrorists hijacked a train full of Jewish passengers on their way from the Soviet Union, forcing Austria to reduce its role as a transit platform for Jewish emigration.

In December 1975 a group of terrorists led by Illich Ramirez Sanchez, the international terrorist known as Carlos, stormed the Vienna headquarters of the Organisation for Petroleum Exporting Countries (Opec), killed two Opec officials and one Austrian policeman and seized 10 oil ministers as hostages. The terrorists were allowed to fly out of Austria and their hostages were later released in Algeria and Libya.

In August 1981 two people were killed and another 20 injured by Arab terrorists in an attack on Vienna's synagogue, in what was until yesterday the worst terrorist attack against a Jewish target in Austria.

In October last year a car load of weapons which, according to the Austrian Press, was destined for the Libyan embassy were seized by police in Vienna.

Bloody record of attacks on Israelis

THE guerrilla attacks at Rome and Vienna airports yesterday were the latest in a long line of strikes against Israeli-related targets. Major attacks have included:

May 1972: Three Japanese guerrillas, recruited by the Popular Front for the Liberation of Palestine, opened fire at Tel Aviv's Lod airport, killing 27 people and wounding more than 70.

September 1972: At the Munich Olympic Games, eight Palestinian guerrillas forced their way into Israeli team quarters, killing two Israelis and taking nine hostage. The next day all the hostages, five gunmen and a West German policeman were killed in a shoot-out.

June 1976: Pro-Palestinian guerrillas hijacked an Air France plane and forced the pilot to fly to Entebbe, Uganda. Seven guerrillas, 20 Ugandan soldiers, three hostages and an Israeli officer were among those killed in the airport battle involving Israeli commandos.

March 1978: Guerrillas from Al-Fatah, a PLO faction, landed in Israel and ambushed two buses. Nine guerrillas, 34 Israelis and one US citizen died in related clashes.

September 1985: Three pro-Palestinian gunmen killed three Israelis aboard a yacht in Cyprus, claiming they were intelligence agents. Israel retaliates by bombing PLO headquarters in Tunis, killing more than 60.

October 1985: Four Palestinian guerrillas seized control of Italian Liner Achille Lauro in Egyptian waters. An elderly Jewish-American passenger was killed.

Reuter.

Israel 'trying to stall Syria peace plan'

Syria yesterday accused Israel of escalating tension between the two countries to prevent the signature of draft accord on a peace settlement and formula for political reform in Lebanon by the country's three main militias, reports our Middle East staff.

Syria is hoping that the tripartite accord will be formally concluded by the New Year by Amal, the Moslem Shia mainstream movement, the Progressive Socialist Party, a predominantly Druze organisation, and the Lebanese Forces, the united Christian militia.

Yesterday Al Baath, the newspaper of the ruling Syrian party, accused Israel of "doing all it can to keep the Lebanese crisis going."

Poles jump ship

More than 200 Poles jumped ship in West German ports over the Christmas holidays, according to officials in Hamburg, writes Leslie Colitt in Berlin.

The Poles, many of whom are ethnic Germans, were on holiday cruises to Hamburg and Travemuende, when they failed to return to their Polish ships and ferries.

The number of ethnic Germans legally permitted to leave Poland dropped sharply this past year. As a result, many booked holiday cruises to West Germany and were able to obtain a passport vatid for travel to the West.

Mali ceasefire broken

A ceasefire in the three-day-old conflict between Mali and Burkina Faso broke down yesterday, writes our Foreign Staff.

The Burkina Faso Government said that Mali had attacked the border town of Koloko, breaching a ceasefire agreement drawn up with Libyan assistance which was due to come into effect at midnight on Thursday.

A Mali official said that its forces had killed 35 Burkina Faso troops since fighting began on Christmas Day

Austrian reprieve

The supervisory board of Chemie Linz, Austria's state-owned chemicals group, has decided not to liquidate Merx, its trading subsidiary at the centre of a row about oil speculations, but to restructure the company and discontinue its oil business, an official for the group said yesterday, Patrick Blum reports from Vienna.

The disclosure a week ago that Merx had incurred losses totalling Sch 550m through recent speculative oil deals despite a Government order forbidding such transactions sparked off a furious political row about control over state-owned companies

Ciba-Geigy apology

Ciba-Geigy, Switzerland's biggest pharmaceutical company, said yesterday that it regretted violations of Japanese drug law which provoked a temporary closure of its factories there, Reuter reports from Basle.

The company said it had taken steps to prevent a recurrence.

Earlier yesterday a Tokyo Ministry of Health and Welfare official said the company's Japanese subsidiary had been ordered to close two factories and suspend sales for 20 days from January 6. The subsidiary had been submitting false data since 1980 on the length of time products remain stable.

S. Africa denies troops crossed into Swaziland

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA denied yesterday that its troops crossed into southern Swaziland over Christmas.

A Royal Swazi Police spokesman, Mr Solly Mkhonta, said that members of the South African Defence Force had first entered his country near the Lavumisa cross point on the border with Natal on Christmas Eve.

The SADF men, Mr Mkhonta said, warned local residents to get rid of members of the African National Congress or suffer attacks on their homes.

According to local Swazis, the intruders warned that if ANC members crossed from Swaziland into South Africa, the SADF would mount attacks on the areas from which they came. As a result some residents have left their homes in the largely un-guarded border area for fear of South African attacks.

The SADF said it could find no evidence to confirm the allegations.

South Africa's relations with her neighbours are at a low ebb with allegations that SADF troops are threatening and carrying out cross-border attacks. Last week six ANC members and three Lesotho nationals were killed during an attack on houses in the capital Maseru. South Africa denied that its troops were responsible, although in the past it has sent in armed units to knock out alleged ANC shelters inside landlocked Lesotho.

South Africa has also denied Zimbabwean allegations that SADF troops have massed on the northern border following the deaths of six South Africans in a land mine explosion a fortnight ago.

LEADERS of the Soweto Parents' Crisis Committee met with members of the African National Congress in Zimbabwe on Christmas Day as part of its effort to resolve the continuing crisis which has kept thousands of black South African schoolchildren out of schools for over a year, Jim Jones reports.

The talks were described as "extensive and open," though details have not been disclosed. They took place despite a government ban on unauthorised meetings with the ANC. Students have led many demonstrations and protests over the past year.

● The death toll following Christmas eve fighting between about 5,000 Pondos and Zulus outside Durban has risen to 58

Japan current account and trade surpluses stay high

BY JUREK MARTIN IN TOKYO

THE APPRECIATION of the yen had little apparent impact on Japan's current account and trade surpluses in November. Both continued to post near record levels.

The balance of payments on current account was in surplus by \$4.52bn (£3.2bn), the sixth largest ever, and down only a little on the \$4.77bn of October. The merchandise trade surplus reached \$5.35bn, the fourth highest and barely below the \$5.40bn of October.

This means that for the first 11 months of the year, Japan has turned in a current account surplus of \$42.47bn (compared with \$35bn in all of 1984) and a trade surplus of \$48.96bn (\$44.26bn in calendar 1984).

Led by heavy car sales, especially to the US, exports rose in November by over 10 per cent from a year earlier to \$15.32bn while imports fell by 0.8 per cent to \$9.97bn, in part reflecting lower oil prices.

The outflow of long term capital from Japan slowed a little in November—to \$5.64bn from the \$7.23bn of October.

However, the general slowing of the economy has shown up in the unemployment statistics. It was announced yesterday that 2.9 per cent of the labour force was out of work in November, a record for the modern era.

Hussein-Assad meeting strengthens rapprochement

BY RICHARD JOHNS

KING HUSSEIN of Jordan's meeting on Monday with President Hafez al Assad of Syria should consolidate the rapprochement of the past six weeks between the two states. It may also mark a significant shift in the Hashemite Monarch's approach to a Middle East peace settlement.

The holding of the first talks between the two leaders for five years at the very least indicates a clear determination on the part of both to end half a decade of antagonism.

For the region, the issue is just how far King Hussein is prepared to go in abandoning Jordan's joint strategy with the mainstream Palestinian Liberation Organisation aimed at negotiations with Israel in exchange for the return of occupied territory.

There had been speculation that King Hussein would hold consultations with Mr Arafat before accepting Syria's invitation. That none have taken place suggests disillusionment with Mr Yassir Arafat.

King Hussein laid the basis for the Syrian-Jordanian rapprochement by his admission—in a publicised letter to his Premier early in November—that Jordan had unwittingly been harbouring elements dedicated to President Assad's overthrow.

The impression is that King Hussein is tilting towards a search for a comprehensive solution to the Middle East problem involving Syria and the Soviet Union.

Lynne Richardson reports from Tel Aviv: Israel will not permit Syria to limit Israel's freedom to make reconnaissance flights over Lebanon, an Israeli official said in Jerusalem. He was commenting on Syria's redeployment of Sam 6 and 8 missiles on to Lebanese soil after their removal earlier this month.

President Reagan and Congress are in broad agreement on their goals for the Philippines, **Reginald Dale** reports

US spells out demands to Marcos as reform pressure grows

THE US is watching with anxiety but not, or at least not yet, with despair as President Ferdinand Marcos of the Philippines faces one of the toughest challenges of his long political career.

In the words of Mr Paul Wolowitz, the senior state department official for the region, the US's only former colony is "in deep trouble" — politically, economically and militarily. And whether Mr Marcos or the opposition wins the presidential elections set for February 7, the trouble, and the threat of a communist takeover, will remain.

But the Philippines is not, in the Reagan Administration's eyes, condemned to be "another Iran," or even, as some others maintain, "another Vietnam." The official American view is that if Mr Marcos, or his successor, can introduce urgently needed reforms, stability can still be restored, and the country saved for the West.

In marked contrast to the arguments that have raged in Washington on other foreign policy issues, such as Central America, there is wide agreement between Congress and the Administration over US goals for the Philippines. And recently, the Administration has been spelling them out to Mr Marcos with increasing insistence.

First, says Washington, there must be "credible" elections (credible, that is, to the Filipinos themselves), and not just now, but in the future.

Second, the economy must be revitalised by restoring genuine free enterprise and ending the state-controlled monopolies

Thirdly, the army must be rebuilt, and its leadership revamped, to counter the growing communist insurgency.

Where there are differences between the Administration and Congress is over the best way to achieve these reforms, and the chances of them actually happening.

In a gloomy report last month, the Senate Intelligence Committee said: "There is serious doubt whether the Marcos régime still has the administrative and political capability to initiate reforms even if it were so inclined."

Many of Mr Marcos's critics in Congress would like to see the Administration twist his arm much more sharply, particularly by reducing military aid. The trouble with the US's current carrot-and-stick approach to Mr Marcos, says one congressman, is that "he keeps eating the carrot and everyone is afraid to use the stick."

The Administration, however, is adamant that a reduction in military aid would only make matters far worse.

US military aid to the Philippines, which Congress cut from the \$95m requested by the Administration to \$70m for the current fiscal year, does not even compare favourably with, say, American aid for Pakistan, US officials point out.

In 1983, President Ronald Reagan pledged his "best efforts" to provide the Philippines with \$900m in economic and military aid, or \$180m a year, in the five years 1985-89, as part of the agreement on military bases that runs out in 1991.

That target has so far been met. Other assistance, unrelated to the bases, is running at about \$100m a year.

The two huge bases—Clark Air Force base and Subic Bay naval base—are the concrete manifestation of the Philippines' strategic importance to Washington. They are the two largest American military installations outside the US and are virtually irreplaceable.

The US sees the retention of the bases and the restoration of economic and political stability in the country as two sides of the same coin.

But nobody in Washington knows what is going to happen next on the political front—or even if Mr Marcos will pass the first test. US officials are not prepared to predict whether the February elections will be "credible." They believe, however, that the recent Supreme Court decision to allow the poll to go ahead shows that Mr Marcos is pretty sure he can win.

If Mr Marcos were to retain power by obviously rigging the vote, Washington believes that the situation would rapidly deteriorate. Many of Mr Marcos's opponents would lose faith in the democratic process and be tempted to throw in their lot with the rebels as the only alternative. Pressure from Congress to slash US aid would intensify.

If, on the other hand, Mr Marcos were to win a "credible" election, the hope is that he would feel strong enough to implement the economic and military reforms that Washington wants—although he might well demand more aid as a reward for his exercise in democracy.

If the elections are really free and fair, however, US officials give at least a "reasonable chance" to the opposition ticket of Mrs Corazon Aquino

Some people in the Administration say that they do not really care who wins, provided that they can get the job done. That, however, does not appear to be the view of Mr Reagan and Vice-President George Bush, who have publicly embraced Mr Marcos in the most glowing terms.

Whatever the outcome of the elections, both Congress and the Administration agree that there is little time left. Mr Armitage has repeatedly told Congress that the Maoist guerrillas could force a "strategic stalemate" in three to five years. The Senate Intelligence Committee gives the Government only three years to make the reforms needed to save itself.

Even so, the Administration does not believe that the military position has yet reached the point of catastrophe.

The Administration is not short of advice for Mr Marcos, but has found no real way of ensuring that he takes it. Congress confesses to perplexity about what to do next. As what is likely to be a dramatic scenario plays itself out in the Philippines, the US may be condemned to continue to play an anxious, and powerless, watching role.

A rebel surrenders: President Marcos takes a rifle from Mr Unihat Alamada, a commander of the separatist Moro National Liberation Front, who led 742 other Moslem rebels in surrendering to the Government earlier this week.

Marcos revives old charge against Aquinos

PRESIDENT Ferdinand Marcos attempted yesterday to discredit his main rival for the presidency, Mrs Corazon Aquino, by reviving an old charge against her assassinated husband, Mr Benigno Aquino, AP-DJ reports from Manila.

President Marcos alleged that Mrs Aquino shared responsibility for covering up the killing of a local government official in the late 1960s. A military court convicted Mr Aquino on the charge, which he denied.

Mr Marcos made the allegation in a nationally televised ceremony at the Presidential palace.

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Late spree and bargains boost retail sales

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

REPORTS FROM retailers throughout the country suggest that buoyant spending during the pre-Christmas period was maintained yesterday with the traditional bargain sales.

It seems likely that the late surge in pre-Christmas spending and a good sales period will increase sales in volume terms by about 3-4 per cent over last December's figure.

The first official figures will be published by the Department of Trade and Industry on January 14.

Much of the spending spree this year appears to have been financed on credit. Access said yesterday that preliminary analysis of its credit card figures suggested that these were 25 per cent higher than last year.

At Selfridges in Oxford Street, London, yesterday the main bargains were in the clothing departments. Selfridges, like many other retailers, has suffered from the mild weather and is being forced to discount winter clothes heavily. The cold snap yesterday helped.

Mr Roy Stephens, Selfridges managing director, said last night the ladies' fashion department had sold three times as much as it did on the opening day of last year's sale.

He expected a 66 per cent increase for the store as a whole over last year's record first-day takings.

"It has been the busiest day I have ever seen in this store in all the years I have been here," he said.

Mr Kevin Mellish, 37, claimed a record yesterday for the longest-ever queue for the opening day of a sale. He waited 18 days and one hour to buy for £1,000 video equipment worth £2,000 which he plans to give to charity.

Dickins and Jones in Regent Street, London, said that by 9.30 am there were twice as many people in the store as there were on opening day last year. Estimates of takings suggested that sales were 15 to 20 per cent higher in value. Jewellery sales were particularly good, the store said.

Debenhams, part of the Burton Group, had a queue of more than 500 outside its Oxford Street store.

Mr David Elliott, a Debenhams director, said: "I thought the cold weather would put people off but it was much busier than last year."

Outside London most stores reported crowded stores and brisk trading. The 71-strong Maples and Waring & Gillow furniture chain reported that sales were the best ever recorded by the group.

Roger Taylor

Shoppers at Liberty's sale in London yesterday.

Food groups 'slow to respond' to rise in microwave oven sales

BY CHRISTOPHER PARKES

BRITISH FOOD processors need to overcome only a few technical problems and their own reticence to take profitable advantage of the recent rapid growth in household use of microwave ovens, says a report from an industry-funded research group.

Horizons would open if they could deliver soups in cartons or pots suited to microwave cooking, apple crumble with ready-browned topping and an answer to the problem of soggy quiche pastry.

A study by Leatherhead Food Research Association charges that food manufacturers have been slow to respond to the rise in microwave sales. "There seems to be a lack of willingness by some manufacturers to put microwave instructions on their products," it says.

The initiative has been taken by frozen-food retailers, notably Bejam and Iceland Frozen Foods. Both sell the cookers, label products suitable for use in them and offer customers helpful cooking instructions.

The report says: "Unsuitable packaging is easily overcome and certain products may need slight recipe modifications to achieve success in microwave cooking. It would be blinkered of manufacturers not to make foods suitable for microwave cooking in the light of the current growth in microwave ownership."

Early fears about the perils and difficulties of using sound waves to cook have been overcome, it claims: "The safety and reliability of the product have been re-established in the mind of the consumer and continued growth is now the pattern."

Quoting conservative estimates from the Microwave Association the report says sales of ovens this year will reach 1.5m compared with 1m last year and 650,000 in 1983.

The Manchester Business School suggests that about 14 per cent of British households now own a microwave. Next year penetration will climb to at least 18 per cent and grow steadily to at least 40 per cent and possibly 80 per cent by 1990.

Sales of chilled, oven-ready meals have risen from £35m in 1980 to nearly £90m this year, mainly to the profit of such companies as Marks and Spencer and other own-label supermarket suppliers. The market for frozen ready meals, worth £98m in 1980, is estimated to have topped £225m this year, following a 33 per cent surge in the past 12 months.

The report suggests that British industry may learn from the experiences in the US where sales of microwave ovens this year are expected to top 12m compared with 1m a decade ago. About 40 per cent of US homes have a microwave. Industry estimates the figure could reach 60 per cent by 1987 and 75 per cent by 1990.

In the past year sales of frozen dinners in the US have risen by 400 per cent and sales of speciality breads such as croissants, beef- and other meat-pies, ethnic specialities such as lasagne, have grown rapidly.

The report offers suggestions for new products with "microwave potential," including:

- Soups: packed in pots or cartons which can be microwaved and eaten from the original container.
- Frozen soups: in individual plastic pouches for cooking and transfer to a bowl.
- Ready-filled jacket potatoes.
- Pizzas: a crispy base is possible if manufacturers pack them in a dish containing aluminium.
- Breakfasts: "product development must be possible in the area of scrambled egg and ready-breakfast meals," the report says.

The impact of microwave cookers on the UK food market; inquiries to laboratories of the British Food Manufacturing Industries Research Association, Randalls Road, Leatherhead, Surrey.

Owen calls for boost to industry

By Margaret van Hattem, Political Correspondent

DR DAVID OWEN, the Social Democratic leader, yesterday called for a concerted effort in 1986 to improve Britain's industrial performance, to create a new consensus on the welfare state and to begin a sustained public/private investment partnership in the inner cities.

In a New Year message, Dr Owen said these three goals were the foundation stones for national success.

He went on to criticise the Government for its "characteristic combination of incompetence and insensitivity.

"They have demoralised even further the disadvantaged, with the meanmindedness of their social security review. North of a line drawn from Bristol to the Wash unemployment is 60 per cent higher than that south of the line.

"The much flaunted anti-inflation policy has not stopped wage inflation. The policy is sustained at the crippling expense of high interest rates and high exchange rates.

"Manufacturing industry faces massive obstacles to improving exports. The absence of any agreed structure for wage bargaining means wages push persistently ahead of what we can afford."

In 1986 the nation would have to be better governed.

Townsend raises fares but seeks more passengers

BY ANDREW FISHER, SHIPPING CORRESPONDENT

TOWNSEND THORESEN, the cross-Channel ferry company, is raising basic 1986 fares by amounts in line with or slightly more than inflation but plans a wide range of cut-price holiday rates to counter competition from other air and sea operators.

The company, owned by European Ferries, seeks to attract more people on to ferries while the fixed-link debate is expected to keep the possibilities of cross-Channel travel in the minds of the public.

A decision on which Channel fixed link scheme, if any, will go ahead should be announced on January 20.

Townsend, the first ferry operator from Dover to announce next year's tariffs, said: "Our task is to convert holidaymakers to ferries for all time."

The company said its 1986 fares were a response to further rivalry on fares from cheap air packages and new ferry services. The discussion of a Channel fixed-link had raised public awareness of taking cars abroad.

"Whatever else we think of a fixed-link—and we maintain it would be a total disaster—it has helped stimulate an early rush of bookings, and peak sailings are already filling fast," Townsend said.

With its new agreement to offer more sailings to Belgium under a deal with Regie Voor Maritiem Transport, Townsend will offer 28,000 Continental sailings against 23,000 in 1985.

Increased competition from Brittany Ferries and Channel Island Ferries, in which Brittany has a stake, has prompted cuts of up to 25 per cent on peak-season car fares from Portsmouth to the French ports of Cherbourg and Le Havre.

Off-peak fares from Dover to Calais are down by 20 per cent or more, although the peak single fare for a family of four with a medium-sized car is £6, or 7 per cent, higher at £91, with a rise of £3, or 3.5 per cent, to £88, to Boulogne.

- Talks are due to resume today in an attempt to resolve the dispute which has disrupted Townsend Thoresen ferries from Dover for two weeks. The company is likely to put to the National Union of Seamen proposals in writing which might form the basis of a resolution of the dispute.

Dan-Air plans 'Latesaver' fare for standby market

BY LYNTON McLAIN

DAN-AIR is to offer a low-price Latesaver fare on three domestic routes from January 2 to win standby passengers from competing airlines.

At the same time the airline is to raise the average price of its economy fares by 5 per cent.

The airline has no standby fares shortly before departure like those of other airlines. Instead, the Latesaver will be bookable from 1 pm on the day before travel and is lower than normal economy fares.

The single Latesaver from Heathrow to Inverness will be £48 compared with £82.50 for the new unrestricted economy fare and £45 from Gatwick to Belfast and from Gatwick to Aberdeen compared with £65 and £77 respectively.

Dan-Air said yesterday it was introducing its Latesavers "to increase traffic and to help keep our market share."

The airline has also reduced its promotional and excursion fares for the leisure market. The return advanced purchase Apex fares between Gatwick and Aberdeen have been cut from £88 to £85, between Gatwick and Belfast from £80 to £75 and between Gatwick and Newcastle from £76 to £70.

- British Midland Airways is also to increase its fares from January 6. The standard single between Belfast and East Midlands airport is to rise £4 to £69. The BMA Keyfare single is to rise £3 to £51. The day return fare is to rise £7 to £124 and the "super" day return £6 to £85.

BT installs high capacity optical fibre telephone link

BY JASON CRISP

BRITISH TELECOM has installed its first optical fibre link capable of carrying 8,000 simultaneous telephone calls on a pair of fibres.

The 45-mile link between Sheffield and Nottingham has four times the capacity of existing optical fibre systems used by British Telecom.

The system is expected to carry public telephone traffic before the New Year. The installation demonstrates how rapidly the cost of telecommunications transmission is falling.

Existing systems—carrying 2,000 calls on a pair of optical fibres — can be upgraded by replacing the opto-electronics used for sending, boosting and receiving the calls.

Optical fibres are hair-thin strands of pure glass used by telephone authorities around the world to replace conventional copper co-axial cable in the trunk networks. The advantages of optical fibres over copper cable are their low cost, high capacity, smaller size, security and the need for fewer repeaters to boost the signal.

The latest link has two repeaters in its 45-mile length whereas a copper cable would probably have needed about 20. Recently BT installed a trial fibre optic link between Birmingham and Derby which is 48 miles long and has only one repeater.

BT says this is a world record for an installed system. Britain is at the forefront of fibre optics technology and on a par with the US.

BT, one of the first telephone administrations to use fibre optics, has about 48,000 miles of fibre installed in the network as part of its extensive capital investment programme expected to cost between £1.8bn and £2bn in the current financial year.

The Sheffield Birmingham link was made by Plessey which it says has orders for 3,000 miles of fibre systems at this capacity.

Earlier this year it won an order from US Telecom for part of system which will link Chicago with San Francisco.

UK NEWS

SE commission rates 'will fall'

BY BARRY RILEY

A SHARP drop in commission rates on London equity transactions by large institutions after next October's Big Bang abolition of the official scale of minimum commissions is forecast by Robert Fleming, the merchant bank.

The bank suggests that a large proportion of trades will be carried out on a nat basis without any separate commission charge. On these transactions the securities firm will be expected to make a profit out of the spread between buying and selling prices, or out of profits on securities held on its own dealing books.

Mr Tony Golding, head of research at Robert Fleming Securities, describes a recent survey of institutional investors' attitudes by a Stock Exchange firm, de Zoete & Bevan, as "at minimum highly suspect and at maximum an exercise in self-delusion."

This survey indicated that commissions would be kept and would fall by no more than between 20 per cent and 30 per cent on average.

Robert Fleming caused much resentment in the Stock Exchange more than a year ago by setting up its own market-making business without first becoming a member firm of the exchange. It has subsequently built up a substantial business in the electronics sector and is expected to begin trading pharmaceutical stocks early in the New Year.

Fleming has made it a practice to quote prices net, in contrast to Stock Exchange broking firms which add a standard commission to the prices charged by the jobbers, or Stock Exchange market makers.

Mr Golding said: "We feel that after the Big Bang the larger players will want to do a significant part of their business net."

Mr Golding has made an informal survey of the views of major investors, visiting about 20 large institutions.

He found that few had given the matter much serious thought. They were looking to brokers for a lead but in most cases were not getting it. However, he felt able to draw some general conclusions.

He thought the New York experience would not be particularly relevant, although the London Stock Exchange would be adopting a trading system based on NASDAQ, the US market for smaller stocks.

In the often illiquid NASDAQ market, securities firms were able to absorb research costs in a wider spread. In London the most active stocks would be traded on the equivalent system, called SEAQ, and it would not be reasonable to expect that spreads could be widened on these leading stocks.

In the US the leading stocks are traded on the New York Stock Exchange, where commissions are mandatory, although negotiable.

Montagu chief to head bank

By Our Financial Staff

MR ROBERT LOGAN, group chief executive of Samuel Montagu, the merchant bank, is to become chairman of Samuel Montagu & Co, the bank within the group. He succeeds Sir Michael Palliser, the former diplomat, who will remain chairman of Samuel Montagu & Co (Holdings), the group's holding company.

The change is said to mark the growing authority of Mr Logan, who was hired at the beginning of this year.

Europe to have road safety campaign

FINANCIAL TIMES REPORTER

A EUROPEAN-WIDE road safety campaign will begin next year in an attempt to reduce the number and cost of accidents.

European Road Safety Year will include an intense programme of legislation, education, and publicity.

The number of deaths on EEC roads is falling but the number of accidents keeps rising. There are an estimated 5m crashes every year.

Road deaths in Britain declined from 7,700 in 1970 to 6,100 by 1983, but the total cost of accidents to the Exchequer in 1980 was nearly £2bn.

This includes the cost of material damage, injuries and compensation for loss of life, loss of production in industry, police and administrative costs and legal fees.

The main priority in European Road Safety Year will be to reduce the death toll further.

The campaign is being coordinated by the European Commission, which is contributing £600,000 towards national attempts to spread the message.

The education programme will be aimed mainly at the next generation of drivers. There will be a 12-nation advertising campaign, advocating common sense and courtesy behind the wheel.

The commission has decided to concentrate on child safety, alcohol, seat-belts, two wheelers and speed.

Better car safety standards in some countries partly account for the drop in road deaths in the Community from 69,300 in 1970 to 53,800 in 1983, the last available year of complete statistics.

BAe hopes for work on space telescope

Financial Times Reporter

BRITISH AEROSPACE engineers at Bristol hope to win a £7m order to build a replacement set of wing-shaped solar panels for a US space telescope—before the first set has been tested in a shuttle flight.

Work on the second set of solar panels, which power the 48 ft, 25,000 lb telescope, is likely to start early in the New Year.

BAe is the main contractor for the European Space Agency's share of the multi-million-pound American telescope project, scheduled for launch in the shuttle in September from the Kennedy space centre. The European share is presently worth about £14m.

The wing-shaped panels built by BAe lie on each side of the telescope. Each contains 48,000 solar cells to capture sunlight for electricity.

It was hoped the panels would have a life of five years in space but recent shuttle flights have found a new space problem — atomic oxygen degradation—which shortens the life of space components.

This has halved the life of the panels. The new ones will take nearly three years to design, build and test and should be more resistant to decay.

Raymond Snoddy reports on signs of an official rethink about copyright reform

Government keeps an open mind on blank tape levy

MY EIGHT-YEAR-OLD daughter was given a radio-cassette player for Christmas—and has been happily breaking the copyright laws since by recording music on to blank tapes.

She, and millions like her, pose a political dilemma for Mr Leon Brittan, the Trade and Industry Secretary, who is finalising the details of a White Paper on copyright reform due to be published early in the new year.

Mr Brittan has to decide whether to go ahead with Green Paper proposals that copyright holders should be compensated by a levy on blank video and audio tapes or instead to legalise home taping.

The DTI insists that the decision has not been taken despite recent suggestions that the 10-year campaign by the record industry for a levy is on the verge of failure.

Mr Brittan is thought to be unhappy about the levy proposal while Mrs Margaret Thatcher and her advisers are understood to have expressed doubts about imposing what they regard as another tax on the consumer.

In a debate on copyright infringement before the Christmas recess Mr Jeremy Hanley, (Conservative, Richmond and Barnes) said he believed the public would be willing to accept a royalty of 10p or 20p on blank cassettes in return for legalising home taping. "I am told that is not to be and I have registered my regret," Mr Hanley said.

Mr Geoffrey Pattie, Minister for Information Technology, said no final decision had been reached. His tone, however, was more cautious than last February when, launching the Green Paper, he said that every time music was taped, even for personal use, "someone else's property is being acquired."

Mr Pattie's views appear to have softened. In the Commons before Christmas he noted that many people taped records they had bought to listen to in cars or in the home.

"That does not invalidate the case, but the copyright fee is often paid in the original purchase price," he said. He said of video tapes that there was a "significant element of time shifting"—recording television programmes to watch later.

If Mr Brittan decides to legalise home taping without any compensatory levy it would be the culmination of a series of about-turns on policy.

Leon Brittan: political dilemma. Geoffrey Pattie: views softened.

The Whitford Committee on copyright reform in 1977 recommended that there should be a levy on audio and video recording equipment to compensate copyright holders. A 1981 Green Paper came out against a levy. In February Mr Pattie said: "We have changed our view."

Many of those who represent copyright holders fear the view has changed again. Miss Gillian Davies, associate director general and chief legal adviser to the IFPI, the international body which represents rights holders, believes the British Government would be in breach of the Berne Convention on Copyright if it legalised home taping.

Under the convention, to which Britain is a signatory, authors of literary, musical and artistic works "have the exclusive right of authorising the reproduction of their works in any manner or form."

There are exceptions, but "reproduction must not conflict with a normal exploitation of the work and must not unreasonably prejudice the legitimate interests of the author."

Miss Davies said that experts on unauthorised private copying who met in Geneva last year had found that the cumulative effects were prejudicial to author's legitimate interests "and may conflict with the normal exploitation of his work."

Mr John Deacon, director of the British Phonographic Industry, said that if the Government decided to legalise home taping without providing the record industry with any form of remuneration "it would be running counter to what it happening in other European countries."

APPOINTMENTS

British Rail property director

Mr Patrick Scott has been appointed as BRITISH RAIL property board's director, development. He moves from his previous post as chief estate surveyor (development). Following the retirement of Mr Douglas Barber. Mr Scott will be assisted by the new chief estate surveyor (development) Mr Henry Clarke.

★

Mr David G. Jefferies has been been appointed deputy chairman of the ELECTRICITY COUNCIL for five years from February 3. He succeeds Mr Alan Plumpton who is retiring. Mr Jefferies has been chairman of the London Electricity Board, and a member of the Electricity Council, since 1981.

★

The following changes in POWELL DUFFRYN board have been confirmed: Mr R. D. C. Hubbard as chairman and, Mr W. G. Andrews as chief executive: additionally, Mr W. J. Franklin has been appointed deputy chairman. These appointments take effect on December 31.

★

LAZARD BROTHERS & CO. has appointed Mr P. M. Archer, Mr R. J. G. Davies, Mr A. D. Johnston and Mr P. Newey as executive directors from January 1. Mr F. S. N. Falkner has been appointed a non-executive director from January 1. Mr Archer is at present an assistant director, responsible for the property division: Mr Davies and Mr Newey are assistant directors in the corporate finance division: Mr Johnston is an assistant director in the international division: Mr Falkner is managing director of Development Capital Group, a subsidiary of Lazard Brothers & Co.

LAZARD BROTHERS & CO., has appointed Mr D. N. Coomber, Mr C. J. Davies, Mr P. R. Hampton, Mr C. M. Parkshaw, Mr J. P. H. S. Scott and Mr J. F. Wiltshire as assistant directors from January 1.

★

Mr Peter Hooley has been appointed group financial controller, BICC.

★

THAMES WATER AUTHORITY has appointed Mr W. R. Harper as managing director. He is director of corporate strategy. He takes over from Mr K. West who recently resigned for personal reasons.

★

Mr M. H. Woods has been appointed a director of WILLIS FABER & DUMAS. Mr M. A. Hedley, Mr J. M. P. Taylor and Mr M. H. Woods are appointed deputy managing directors, aviation division. Mr R. G. W. Dixon and Mr M. H. Duder become deputy managing directors, marine division. Mr M. Claydon has been appointed managing director, home division, of Willis Faber & Dumas (UK). The appointments are from January 1.

★

Mr Jim Devlin has been appointed managing director of ARA COFFEE CLUB. He was previously the personnel director of ARA Services.

★

SUNMED HOLIDAYS has appointed Mr Richard Anthony Kane to the new post of financial director. For the past two years he has been financial director at Cinzano. He also becomes a member of the Redwood Travel board.

★

Mr Hans van den Berg has joined the board of HOH SUPPLY, a member company of the Hudsons Group. Mr van den Berg, who is appointed director and general manager, comes from Trouvay & Cauvin. Mr John Allen is appointed sales director. He joins from R.G.B. Pipelines, where he was southern manager, based in London. Mr Stefan Sargent has joined the board of Crow Broadcast Systems, another Hudsons Group Company as a non-executive director. Mr Sargent who made several thousand television programmes and commercials in his native Australia before arriving in the UK in 1964 and joining the BBC, is probably best known in Britain as the founder of Molinaire, the first independent radio studio.

★

WALLSPAN BEDROOMS has appointed Mr John Bayley, Mr Peter Coen and Mr David Collis to the board.

★

HIRAM WALKER & SONS (SCOTLAND) has made the following board changes from January 1: Mr A. A. Cunningham has been appointed managing director succeeding Mr W. S. McCann who will continue as chairman. Mr Cunningham was formerly the assistant managing director. Mr J. W. Lawrie will become production director and Mr W. Thornton director of finance and administration. Mr J. A. Lumsden, a non executive director, has retired.

★

Mr Michael Wates has been elected chairman of THE BRITISH BLOODSTOCK AGENCY following the retirement of Lt Col R. H. W. S. Hastings, who becomes president on January 1.

★

The board of THE YORKSHIRE GENERAL UNIT TRUST has been formed. Mr Neil R. Balfour (chairman of York Trust) becomes chairman and the other directors are Mr Lawrence Bailey (chairman of Baileys), Mr Christopher J. B. Broadbent (member of the London Stock Exchange), Mr Henry C. Elstone (finance director, Farnell Electronics), Sir James F. Hill (director of the Yorkshire Building Society and chairman of Sir James Hill and Sons), Mr Gerald H. Jarvis (solicitor and director of the Beaufort Group), Mr Brian Murphy (head of finance research unit Huddersfield Polytechnic) and Mr Michael J. Woodhead (member of the Northern Stock Exchange). The Yorkshire General Trust will be launched on January 2.

LABOUR

Bifu to take Barclays to tribunal over BZW move

BY HELEN HAGUE, LABOUR STAFF

THE Banking, Insurance and Finance Union is taking Barclays Bank to an industrial tribunal over the bank's alleged failure to consult on hiving off some of its City-linked operations.

The union has submitted an application to the tribunal, on the ground the bank failed to observe EEC transfer of undertakings rules in its moves to set up Barclays de Zoete Wedd, its new stockbroking and merchant banking subsidiary.

The company is being formed from Barclays merchant bank, Barclays investment management, Wedd Durlacher Mordaunt the stock jobber and de Zoete & Bevan the stockbroker. It will not become fully operational until the end of next October, when deregulation in the City takes effect.

Last September BZW Services was set up to act as legal employer for the new company. It offered contracts of employment stipulating no union recognition or representation for BZW employees. A month later there was a transfer of undertaking from Barclays Bank to BZW Services. Some staff who have transferred to BZW Services are Bifu members.

Bifu, in its application, says the bank failed to inform it of the transfer's implications to these members and failed to consult on the move.

Bifu's long-term aim is to secure recognition in the new company. BZW says the securities sector is traditionally non-unionised. Bifu's attempts to press for consultation and recognition over the past six months failed.

Last night, Mr Noel Howell, Bifu assistant secretary, said: "It is regrettable that we have had to take this step simply to force Barclays to consult with us on major decisions. We believe we have a case."

BZW said: "We doubt that more than 200 of BZW's staff belong to any union. We shall await the tribunal outcome with interest."

BT union wants talks with Kinnock

BY DAVID THOMAS, LABOUR STAFF

THE National Communications Union, the largest union in British Telecom, is seeking an urgent meeting with Mr Neil Kinnock, the Labour Party leader, to clarify Labour's policy on the renationalisation of BT.

Mr Kinnock said recently the renationalisation of privatised companies would not be the priority of a future Labour government.

Mr Kinnock's remarks are understood to have caused considerable concern in the union, which has held routine meetings with the Labour Party on the procedures for renationalising BT.

The union's executive at its most recent meeting decided the union should meet Mr Kinnock to clarify the Labour Party's policy on a number of issues.

The NCU wants BT to be taken back into public ownership immediately on the return of a Labour government. It is understood to be concerned that Mr Kinnock's remarks suggest that this is no longer a key Labour Party priority.

The union supports the idea of a 100 per cent renationalisation of BT but some senior figures in the Labour Party believe government control could be introduced more simply, possibly by acquiring a small additional tranche of shares to that which it now holds.

The union is likely to discuss compensation for renationalisation with Mr Kinnock.

The union is still formally committed to the policy of renationalising BT without compensation, though it is aware that this policy is now out of line with most of the Labour movement.

The NCU is also likely to raise with Mr Kinnock the apparent difference in view among senior Labour Party figures, some of whom have said recently that renationalising BT would be a key priority for a future Labour government.

Four dismissed miners awarded jobs back

INDUSTRIAL TRIBUNALS in Scotland have ordered the National Coal Board to re-employ four miners dismissed during the pit strike. Four others have lost their cases

The findings, released yesterday after hearing in November and this month in Edinburgh, are the first of a number of appeals by dismissed miners to industrial tribunals.

It is understood that instead of re-engaging the men the board could pay compensation. A total of 206 miners were dismissed during the strike in Scotland.

Scots steel workers to fight BSC cuts

WORKERS AT two Strathclyde tube plants yesterday voted to fight British Steel Corporation plans to cut 460 jobs. At a mass meeting at Airdrie, 100 Transport and General Workers' Union members from Calder and Imperial tube works decided to oppose plans to axe the jobs in BSC's Scottish tubes division.

Far from calm at Silentnight

David Thomas on the reasons for one of this year's longest industrial disputes

TOKEN PICKETS were out during the holiday period at the factories of Silentnight Beds, the bed manufacturer based in Barnoldswick, Lancashire.

The dispute, still unresolved, was one of the longest of this year, a generally quiet one for strikes. It was also one of the most bitter, with both sides complaining of intimidation.

This is odd for an industry—furniture making—and a part of the country—the Lancashire mill towns—not noted for lengthy or bitter strikes.

At the beginning of the year the company asked its workers to forgo any wage increase because of a fall in profits.

However, the versions of the company and of the Furniture, Timber and Allied Trades Union of what happened from then on, differ.

The union says that, in asking for the wage freeze, the company was reneging on the agreement to a £5.25 rise for this year negotiated between the National Bedding Federation and the union. The company says the agreement covered only minimum rates of pay and Silentnight paid above the industry minima.

The union claims the company promised to avoid redundancies for three months if the workers gave up their pay rise. The company says it promised only to try to avoid job losses.

In April, 52 redundancies were announced, though only a small number were compulsory. The remaining workers asked for the £5.25 rise and were turned down. They worked to rule and held a successful strike ballot.

On June 10, 500 of the company's 850-or-so workers struck. Some strikers returned to work in the next few weeks and some found other jobs. On July 22, after receiving two warning letters, the 346 remaining strikers were dismissed.

The management and the union say the underlying reason for the dispute stems from the attitude of the other side.

Mr Stephen Burns, the union's branch secretary, says: "Someone in Silentnight is thoroughly anti-union and would stop at nothing to break the organisation within Silentnight Beds."

The company denies these claims, describing its management style as "paternalistic."

Mr Christopher Burnett, the group's chief executive, blames local union officials for misleading the workers about the events which led up to the strike and about the consequences of striking.

The issue now is who will win. The company regarded the dispute as over once the workers were dismissed and it recruited replacement labour.

Mr Burns accepts that the company now has all the workers it needs, but argues that quality, output and productivity are below pre-strike levels because many of the new workers are inexperienced.

The pickets on the factory gates in Barnoldswick say they are having a high success rate in turning back lorries.

They claim the company has had to find new suppliers and that some of the company's Silentnight beds destined for Ireland have been blacked by dockers at ports such as Liverpool, Fleetwood and Stranraer.

The company accepts that the dispute interrupted its deliveries at first. It was also the main factor behind the parent group's loss in the half-year to August 3, the first in the 36-year history of Silentnight Holdings, of which Silentnight Beds is the largest subsidiary.

But Mr Burnett says the dispute is no longer having much impact.

He says that if its exports were being held up, Silentnight would not hesitate to use industrial relations legislation.

The willingness of the company to use the new laws if necessary has shaped the union's attitude to the dispute. The strikers have been reluctant to picket other factories in the Silentnight group.

The two sides are digging in. Mr Burns say the company will in the end have to negotiate a settlement with the strikers. Mr Burnett says there is no question of re-employing any of the dismissed workers.

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Hamstrung by the polls

MRS THATCHER'S Government has the general reputation of a right-wing radical government, determinedly chipping away at the burden of public spending: and its rhetoric tended to support this notion until it was decided, six months ago, that a softer approach would be more appealing. Even now, this approach is widely satirised as a completely unconvincing mask for the old, hard face.

Yet as financial and policy analysts know well, it is the radical reputation which is a mask. The record on public spending speaks for itself: its growth actually accelerated for the first five years of Mrs Thatcher's premiership, and even the apparent check in the last 12 months has as much to do with the end of the miners' strike as with any success for cash limits.

Radical plans

The Government's rejections of genuinely radical ideas are more easily forgotten, as non-events always are, but the catalogue is growing quite impressive. Even Mr Norman Tebbit, the supposed hatchet man, adopted quite a tactful approach to trade union reform when he was at the Department of Employment—notably in failing to carry out a Conservative policy of replacing the existing opting out rule governing trade union political contributions with a system of opting in. This approach was probably wise, though the party managers might not agree; the reforms have stuck, and Mr Tebbit himself was surprisingly popular with the unions. It was not ruthlessly radical, though.

Other ministers have had their more radical plans overturned in Cabinet. Sir Keith Joseph was not allowed to replace a large part of student grants with loans—a system quite widely adopted in other countries to avoid taxing the poor for the benefit of the prospectively rich. Equally Mr Norman Fowler drew back from a truly targeted system of welfare, which would have withdrawn benefits from the better off—a support urged by the hardly radical CBI.

Monetary and fiscal policy has also been marked by compromise. Discussion of monetary base control, urged on Mrs Thatcher by the most expert of her many personal advisers, Professor Karl Brunner, and by some of her political friends in the City, has effectively been blocked by the Bank of England, always protective of old institutional arrangements. The same protectiveness probably led to the withdrawal of Mr Nigel Lawson's proposal to withdraw the tax privileges of the savings institutions.

Mr Lawson, indeed, is the most frustrated radical in the Government. Despite the surprising political success of his reform of investment taxes, his other initiatives have been so coldly received that he has given up talking about a strategy aimed at fiscal neutrality. Every privilege represents a vested interest.

This is most noticeable in housing policy, which has been crying out for radical reform for decades. A proposal from the policy unit for the decontrol of rents was smothered at birth. There has been enough discussion of releasing Green Belt land to meet demand to put the conservation lobby on the alert, but no action.

Mr Lawson is a victim here too. He was publicly slapped down for his known wish to finance tax cuts by eliminating mortgage interest relief; and just to show that reverence for sacred cows is bipartisan, Mr Neil Kinnock just as publicly disowned Mr Michael Meacher when he tried to appropriate Mr Lawson's proposal for Labour.

There is no dark secret about this rather timid approach to radical proposals; the three main political parties are running nearly level in the opinion polls, so every vote counts. The concern for votes is now enshrined in an administrative routine: when radical proposals are up for discussion, departments are required to make a detailed analysis of how many people might be hurt by them. It is this calculus, for example, which has blocked one proposal after another for abolishing local rates.

Electoral reform

There is nothing disgraceful about this trimming—indeed, some radical proposals are bad ones—but it does point to a rather ironic conclusion: the supposed strength of the British electoral system, which delivers a working or even a sweeping majority on a minority vote, is a sham. It does not thereby deliver a strong government. Any alert political leader, such as Mrs Thatcher, is bound to be constrained by her party's position with the electorate rather than its position in Parliament. A large majority is all the safer to dither with.

This could be deployed as an argument for electoral reform. However, the fact that any approach to proportional representation tends to fragment existing political parties makes the results rather unpredictable.

Alternatively, it suggests a paradox: if the next election results in a coalition, that coalition may be bolder than a one-party government in carrying out any policy on which it can agree, since it will be backed by a large electoral majority. At least it suggests that the financial markets are right in showing so little sensitivity to the polls: as long as politicians are so sensitive, the markets have little to worry about.

COUNTDOWN TO LONDON'S BIG BANG

Dane Wilson

The cast is assembled, but may change in rehearsal

By Barry Riley, Financial Editor

PRACTITIONERS in the City of London's securities markets face one of the busiest and most dramatic years that the Square Mile has ever seen.

They will come back from their holidays—assuming that they have had time to take any—to open 1986 diaries packed with meetings and organisational deadlines.

The plans revolve around one day, October 27, a Monday morning when the London Stock Exchange will set off the famous "Big Bang" restructuring of its trading practices.

But there are other key intermediate dates, including those associated with the parallel recasting of the regulatory system through the scheduled enactment of the new financial services legislation.

Not only investment specialists are preparing for a hectic year. Headhunters are licking their lips at the prospect of turmoil in the City's labour market. Estate agents are aiming to do big business out of the scramble for new premises—and so are the removal firms and rent-a-crate companies who will have many busy weekends in 1986 as they cope with the physical consequences of the markets' structural upheavals.

In a search for offices capacious enough to accommodate the new high-technology trading rooms, most London securities firms are moving to more suitable buildings within the City, and some are spilling out into Victoria, the South Bank and eventually maybe even the Isle of Dogs.

When the Stock Exchange agreed some two and a half years ago to abandon its scale of minimum commissions, the full implications were not at first appreciated. In fact, vast changes in the market have been triggered off, with Stock Exchange firms changing hands for huge sums, foreigners moving into the central market place—including the market in Government securities—and an entirely new trading system being installed based upon new technology.

Next month, installation begins of the new electronic securities trading network called Stock Exchange Automated Quotations (SEAQ). In February, builders are scheduled to move on to the Stock Exchange's trading floor and begin major reconstruction work. Throughout most of the year engineers will be racing against time to instal thousands of terminals and dealer workstations both on the floor and in member firms' and institutional clients' offices.

Instead of the archaic system of brokers seeking quotes from jobbers on pitches on the trading floor, most business will be done through a screen-based system. Curiously, however, there is emerging an even bigger demand than before for pitches on the trading floor after the Big Bang—though this is possibly only a temporary phenomenon as the many new market firms seek to show the flag in the early days of the new trading system.

Stock Exchange members will have to learn a whole new way of doing business, and to this end the exchange will be arranging a series of dry runs in the evenings and weekends before Big Bang. A grandly named Dress Rehearsal Co-ordinating Group will mastermind these curious events.

But long before then, the Stock Exchange will have taken a huge leap into the unknown with the implementation on March 1 of the rule permitting 100 per cent ownership of member firms by outside investors. Until now, the exchange has continued to operate under the restriction that no outsider can own more than 29.9 per cent—although nearly all big firms have entered into commitments to hand over full control when this is permitted.

So March 1 will be the day when all these options can be triggered—although it is possible that in practice many of the deals will be dated April 6, for tax reasons. Partners in the existing broking and jobbing firms then face an abrupt end to their participation in the huge profits being earned in the final phase of era of fixed commissions.

From March or April many of them will become employees of banks or financial conglomerates and go on to salaries taxed on Schedule E. There could be widespread discontent as many such practitioners discover that their places in the pecking order in the newly merged and remodelled firms are not as high as in the old partnerships.

And during 1986 there could well be a new wave of takeover deals involving medium sized firms in London and the provinces. These firms do not have the scarcity value of the big London firms and consequently have not been the recipients of lucrative offers for their goodwill. But now, many of them are concerned that they will need new capital and business connections if they are to adapt to the new system and avoid the vicious squeeze on the middle-ranking firms which followed New York's "May Day" deregulation a decade ago.

After the ownership transfers in the spring there will then follow a tricky "phoney war" period lasting some seven months. During this phase, up to October 27, the new securities group will be honour bound to stick to traditional trading practices but will be increasingly geared up to use the new techniques of "dual capacity" trading (acting as agent and market maker at the same time). The fixed commission scale seems bound to come under severe pressure.

Already American firms like Goldman Sachs and Salomon Brothers which have not bought existing London firms, are thought to be increasingly active traders in UK equities outside the market. And there are stories, not capable of confirmation, that London member firms are offering special deals to big fund managers in conjunction with US associates. These rumours seem bound to grow in strength during the spring and summer.

So a major question for 1986 is whether the Stock Exchange can prevent a disorderly breakdown as the basis of trading disintegrates into a chaos of special deals and commission rebating well ahead of October 27. Certainly the exchange's Council will be leaning heavily on member firms to toe the line during what could prove to be a long, hot summer.

Meanwhile, the labour market could become disorderly too. Already stories of teams of traders and analysts moving from one firm to another have become routine. But insiders fear that the employment picture could become still more chaotic as newly merged firms reorganise their resources in the spring.

The new firms will be desperate to fill gaps in their line-ups ahead of the Big Bang, and at the same time their professional staff will be becoming increasingly apprehensive about the post-October 27 outlook and will in many cases be concerned to seek a safer berth. Already the emphasis is shifting from telephone number salaries and bonuses to greater length of contract.

A complication is that many of the partners and senior executives in the major firms have been tied into their present positions by "golden handcuff" arrangements which phase the payments for transfer of ownership over up to five years. Some of these deals even threaten legal action if an ex-partner should so much as talk to an alternative employer. But the quip around the market now is that the golden handcuffs will turn into "leaden boots" as the new owners of the firms find that many of their securities professionals are becoming frustrated and ineffective.

And in spite of all the publicity given to movements of top securities practitioners, the real crisis is to be found in the shortage of systems designers and engineers. There are not enough such people to cope with the need to book up vast quantities of hardware and software within the next 10 months. Computer experts from outside do not have the required knowledge of the markets—and there is no time left to train them. Accordingly there is a very real fear that quite a number of securities firms will simply not be ready with their trading and settlement systems by October. The result could be chaos.

While the drama unfolds within the securities markets, a parallel political debate will be taking place as the government seeks to instal its new framework for the regulation of the investment markets through the passage of the Financial Services Bill which was published immediately before Christmas.

It will now be impossible for the new apparatus to be installed in time for the Big Bang. The legislators are now talking about some time in the first half of 1987. Nevertheless the Bill is being pushed forward with maximum speed: it is likely to receive its second reading on January 13 or 14 and go into committee before the end of the month.

The Government has outlined its chosen balance between statutory control and so-called self-regulation. But the Labour Party has made clear its preference for a much greater element of central direction. And many in the Conservative Party and in the City of London are also unconvinced that the new system will be tough enough. A fierce Parliamentary debate on highly technical matters is in store.

The Queen's Assent to the legislation is hoped to be received in July but October might be a more realistic guess. Then the Secretary of State for Trade and Industry will have to make his formal decision to delegate his powers to the new top regulatory body (a successor to the Securities and Investments Board) prompting another debate in Parliament. The actual transfer of powers might then follow in February 1987.

All through 1986, however, the SIB will already be working intensively to bolt into place the sections of its planned framework. It has already published an outline of its regulatory system, and within a few weeks it will begin publishing its detailed rule-book in instalments.

A variety of self-regulatory organisations (SROs) is planned, to cover various types of activity within the investment markets, and several new formal investment exchanges could be set up to cover areas like Eurobonds and the at present unofficial "over-the-counter" markets.

Of the seven SROs mooted at present, some—like the Stock Exchange and Nasdim, the National Association of Security Dealers and Investment Managers — are fully operational, but others are hardly past the stage of feasibility studies. Even the newest ones will need to aim for inauguration early in 1987.

At that stage, all investment businesses in the UK will need to be authorised under the terms of the Financial Services Act, and the SIB's successor body will aim to subcontract the vast bulk of this authorisation to SROs.

To achieve this, teams of part-time self-regulators will need to throw themselves into a hectic programme of organising, lobbying and rule-book writing, matched only by the feverish activity within the securities groups, big and small, as they prepare themselves for the revolution scheduled for October 27.

Halley's Comet may have turned out to be an invisible damp squib, but you will need to be a very long way away from the City of London to miss the reverberations of the Big Bang.

In last Saturday's feature, it was incorrectly stated that Trusthouse Forte had a rights issue during the year. The reference should have been to Trafalgar House, which raised £176m in February.

THE KEY DATES OF 1986

January	SEAQ installation begins. Second reading of Financial Services Bill. Bill goes into committee stage. Securities and Investments Board begins to publish rule-book in instalments.
February	Stock Exchange market floor construction work begins.
March	Stock Exchange permits 100 per cent takeovers of member firms.
April	Compliance manual published by Stock Exchange.
June	Publication of new Stock Exchange rules.
July	Earliest date for Queen's Assent to Financial Services Bill.
September	Final participant trials of SEAQ begin.
October	Computerised examinations from October 1. Dress rehearsals at Stock Exchange at evenings and weekends. Full company announcements news service on October 20. Inauguration of new Stock Exchange floor October 27.
November	Decision for transfer of powers to Securities and Investments Board (or successor body).
(February 1987	Earliest date for transfer of powers to SIB.)

UK personal computers

New Year resolves from the suppliers

By Jason Crisp

THE once high-flying home computer industry nearly died this year—but the news has not been bleak for everyone.

Almost alone among manufacturers, Amstrad has shown that it is possible to buck the trend, while among retailers at least one company has managed to profit significantly from the suppliers' misfortunes.

"The biggest player in home computers this year is not Sinclair, not Acorn, not Armstrad, not even Commodore—but Dixons," says Mr Brian Long, managing director of Acorn Computers.

The High Street electrical chain, which includes Currys, struck a series of shrewd deals in the summer with the likes of Sinclair and Acorn, including placing a £10m order with Sinclair which enabled that company to keep going just as Mr Robert Maxwell, publisher of Mirror Group Newspapers, abandoned his £12m rescue plan.

Dixons took advantage of the huge stocks built up during 1984—manufacturers were left with warehouses of computers in January this year whose value was falling almost by the day—and of the caution of other major retailers.

Mr Stanley Kalms, the company's chairman, believes Dixons may have half the retail sales of home computers, although independent estimates say it is nearer 40 per cent.

Adds Mr Eddie Styring, managing director of Dixons Ltd, the group's main outlet for computers: "Most retailers took a very pessimistic view in 1985. We did not and we had a lot more confidence in the consumer, partly because we did not get caught with heavy inventories at the beginning of the year."

The tactics of retailers like Dixons — taking advantage of the manufacturers' urgent cash needs and buying up whole lines of stock at knock down prices — highlights the plight of personal computer suppliers worldwide. In the US, Commodore, the world's largest home computer group, made losses of $113.9m in the year ending June 30 after substantial stock write-downs of its low end home computers. Atari struggled on with deep problems while Coleco withdrew from the business altogether.

In Britain Acorn, which had the rare privilege of being rescued twice in a matter of months by its creditors and Olivetti, had to write down stock by £18.8m. Sinclair Research, still in urgent need of new money, had a write-down of £17.5m.

The market failed to keep on growing because of the relatively high penetration of computers in homes with children of 11 to 18 who are by far the largest buyers of these products. According to researchers IDC-Europa, penetration in this group is now nearly one in two.

Most of the attractive retailing deals, of course, are unrepeatable and were only a matter of expediency for the suppliers. Several computers are on sale at a price close to or below their manufacturing cost.

Says Mr Alan Sugar, chairman and chief executive of Amstrad "We've come to the end of an era. By March all these cheap 'flog-off' lines will have all gone. They can't be made any more at those prices and I will be glad to see this garbage and junk out of the market." So what lies in store after that?

Observers expect the number of home computers sold next year will fall quite rapidly but this will be offset by higher prices of new or more sophisticated machines. These will be bought by existing computer owners who want a better machine or people who want a computer for a particular application like word processing.

Most suppliers are desperately trying to get out of the unprofitable and erratic business of selling games-playing home computers. This means that most suppliers are moving up market into business, education or into "serious" home computing.

For example, Acorn, which makes the BBC Micro, is concentrating on education, small businesses, and training and still expects to make some home sales. Mr Brian Long says: "We're not shutting off the home market, just games. Anyone who wants a computer just for games ought to buy another make."

Commodore, with two recent disasters and one considerable success in home computers, is heading rapidly back towards the business market, from whence it came. It will launch the very powerful Amiga computer (which currently costs around $1,500 in the US) in the UK early in 1986. Commodore also wants to sell to small businesses and education.

"The small business market is largely untouched because no one has shown how computers can be really useful to them and — if you will excuse the dreadful expression— 'user-friendly.'" comments UK Commodore's marketing manager Mr Chris Kaday.

These moves mean that the traditional home computer companies will be competing with the mainstream personal computer manufacturers such as IBM and Apricot and marks a further blurring of the border between the two. The great advantage of the business market over home sales is that there are many applications for computers ranging from accounting to word processing.

One of the best examples of a home supplier succeeding in the business market is the word processing system from Amstrad which includes printer, screen and disc drives for £458 and which looks like being a runaway success.

According to Mr Sugar, buyers range from large companies replacing typewriters to individual professionals such as accountants, doctors and journalists who use them for writing at home.

This rapid move towards business or work-oriented computers in the home raises the question of whether there is still a worthwhile market for computers for entertainment. Sinclair Research, with about 35 per cent of the UK market in units, believes there are still plenty of opportunities left—not least because much of the competition will be reduced.

Early next year Sinclair is expected to launch a new version of its best-selling Spectrum computer taking advantage of the enormous amount of software available for this machine. It has also halved the price of the QL—once aimed at the business and education market and now clearly just a home computer — to £200 and is seeing much improved sales. Next year Sinclair hopes to reduce its dependence on the home market with a portable computer for business.

Commodore, the largest vendor of home computers worldwide, also thinks there is some life left in the market. It will continue selling versions of its very successful Commodore 64 with a greater emphasis on special applications such as with keyboards to play music.

The problem with the industry was that no one was able to answer that perennial question: other than games, what would anyone want a home computer for? Amstrad has found one answer with its word processor, but that is also selling to business. The result is most suppliers expect—or at least hope — that the home market will represent a much smaller proportion of their business than it has in the past.

SINCE Mr Mikhail Gorbachev became general secretary of the Soviet Communist Party, people at home and abroad have asked if his election marks a real change in the Soviet Union. They know that the country's foreign, economic and domestic policies have been largely frozen in the same mould since 1964. Is the mould now breaking?

Mr Gorbachev seems to have no doubt. "The ice is beginning to shift," he told a meeting in Moscow last summer. And by the end of the year the shift was evident in the top ranks of the Communist Party and state. Half of the 12 members of the ruling politburo have been in office for under two years. The Prime Minister and the three top economic officials have been replaced in the past three months. The latest resignation is that of Mr Victor Grishin, head of the Moscow Communist Party.

The elevation of Mr Andrei Gromyko to the presidency after 28 years as Foreign Minister has also produced a rapid change in the way the Soviet Union deals with foreign states. Mr Gorbachev's decision to seek a summit meeting with President Reagan in Geneva in November showed the Soviet Union to be as interested in influencing world opinion as it is in negotiating diplomatic agreements. "Changing the political atmosphere" became the new slogan in Moscow.

But the change in the leadership and the altered tone in foreign policy do not reveal the degree to which Mr Gorbachev has the will or the capacity to change the lives of the 278m citizens of the Soviet Union.

He was elected leader primarily as a proponent of economic reform. Within months he was calling for "a revolution" in the way the economy is managed and the Soviet press is filled with plans for new economic initiatives. The talk of new technology, better plans and improved management are all reminiscent of the newly-elected Harold Wilson in Britain in 1964, but it is still too early to know if the rhetoric of reform will wither as Mr Gorbachev encounters political and economic obstacles.

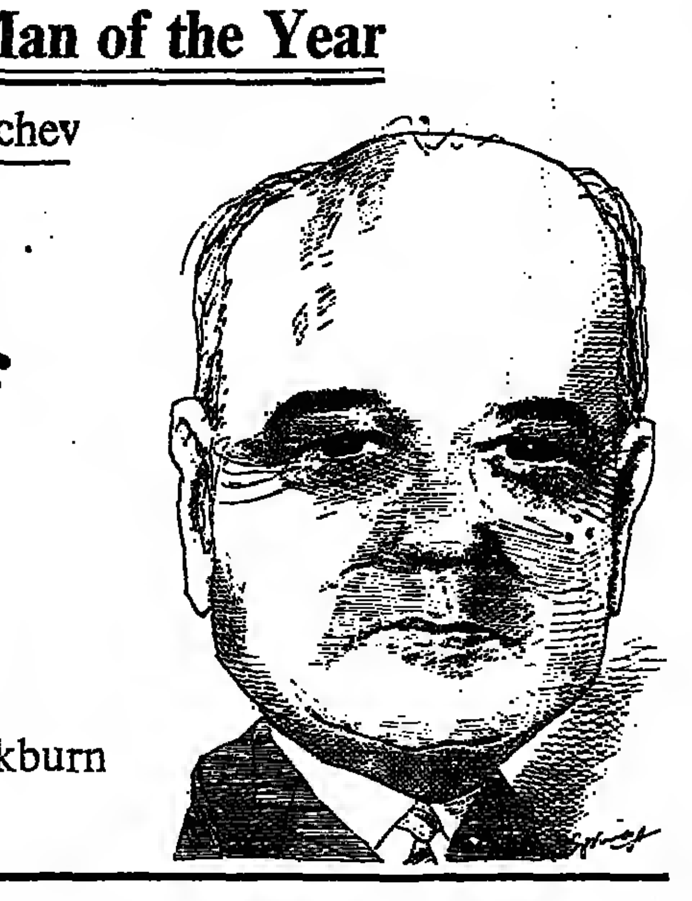
It is impossible to predict how he will cope with them because Mr Gorbachev is a new type of Soviet leader. He and the men around him are the *first to hold supreme power* in the Soviet Union who are of the post-1945 generation, largely unmarked by Stalin and the war. "Past precedent is no longer a useful guide to future behaviour here," said one Western Ambassador. "All the Kremlinologists should have resigned when Gromyko left the Foreign Ministry."

Man of the Year

Mikhail Gorbachev

A new type of Soviet leader

By Patrick Cockburn in Moscow



Mr Gorbachev was born in 1931, the son of a peasant family which farmed near Stavropol in the plains below the Caucasus mountains. His father was killed in the war, but the future general secretary was too young to fight and was brought up by his grandparents. At 19 he went to Moscow University to study law where he stayed until 1955.

As a student he joined the Communist Party, a year before Stalin died and it was in the party that he rose rapidly when he returned to Stavropol. At the age of 39 he became the first secretary, the senior party official, in his home area. Politically well connected and in charge of one of the richest agricultural areas of the Soviet Union, Mr Gorbachev was well qualified to move to Moscow in 1978 as the party secretary in charge of agriculture.

His rise had been rapid but he was still some way from the centre of power. There was no reason to suppose that by 1980 he would be a voting member of the Politburo or by 1983 the principal deputy of Mr Yuri Andropov, the Soviet leader who succeeded Leonid Brezhnev. *Denied* the leadership when Mr Andropov died, Mr Gorbachev was firmly positioned as President Chernenko's heir-apparent for a full year before succeeding as general secretary of the Communist Party in March this year.

Mr Gorbachev was the chief beneficiary of the leadership *crisis* which progressively paralysed the Soviet Government from the mid-1970s. He benefited from being one of the few men of ability in their fifties at the top at a time when the need for leadership was all the more pressing because the last years of Brezhnev saw economic growth decline as detente collapsed. In the first administration of President Reagan the Kremlin took the confrontational attitudes in the White House very seriously, always fearful that high US defence budgets presaged military action.

These worst fears were not realised. After 1982 there was some recovery in economic growth, the Soviet army did not invade Poland and President Reagan showed few signs of translating ideological militancy into action on the ground. But it was the pressures from abroad, added to the economic difficulties at home, which gave a sense of urgency to the need to *end* the *paralysis* of leadership and propelled Mr Gorbachev forward to become Communist Party general secretary, the key position of power in the Soviet Union.

He had already shown he was *an able politician.* "He may have a nice smile but he has teeth of steel," Mr Andrei Gromyko told the central committee which elected him. This became evident as he rapidly removed from the politburo Mr Grigorii Romanov, formerly regarded as Mr Gorbachev's main rival for the leadership. By the end of the *year he* had *also* replaced one third of the government ministers and 40 out of 157 of the party first secretaries.

In achieving political dominance Mr Gorbachev has also modified the rules of Soviet politics as practised under *Mr* Brezhnev. *This* became evident when the new leader flew to Leningrad in May and at a meeting in the Smolny Institute, the Bolshevik headquarters in the 1917 revolution, heavily criticised the way in which the Soviet economy is run. "Try to get your flat repaired: you will definitely have to find a moonlighter to do it for you—*and* he will have to steal the materials from a building site," he told the audience.

This was not usual fare for Soviet television viewers and there was a surprising delay before radio and newspapers reported the speech in full. Over the summer in a series of trips to the main regions of the Soviet Union, Mr Gorbachev outlined his plans for economic change in a way not seen since the 1920s. He told one group of workers: "You can understand the consumer who wonders why we know how to make space ships and atomic powered ships, but often produce defective modern household gadgets, shoes and clothes."

This openness is new for the Soviet Union. The personality cult which surrounded the general secretary under President Brezhnev has also been limited. When a senior trade union official described Mr Gorbachev as "a banner of peace" during a meeting of the Supreme Soviet after the Geneva summit, the new leader threatened to leave the hall if such compliments continued.

Mr Gorbachev needs this popular appeal because in the immediate future the public will not see many economic benefits from the new regime. There are tight limits on consumption in the plan for 1986 in which investment is to grow by 7.6 per cent and real income by 2.5 per cent. The re-equipment of existing plant, *machine* tools, high technology and energy are given priority.

Given that the plan for 1986, unlike the five-year plan published earlier in the year, was devised by men of Mr Gorbachev's own chosing the emphasis on economic renewal rather than satisfying the consumer will probably be the main feature of Mr Gorbachev's economic policy until at least 1990.

The men whom *Mr Gorbachev* has appointed to run the economy in the past three months are not radicals. They are administrators in their fifties like Mr Nikolai Ryzhkov, the new Prime Minister and Mr Nikolai Talyzin, the new head of planning. Their emphasis is on increasing the efficiency with which the existing economic structure *is* run. They are, however, to be taken seriously because they come primarily from the ruling Communist Party and not, like the economic reformers of the 1960s, from the state administration.

In the short term, the new generation of economic leaders have little choice but to seek results using present methods of organisation. Soviet society and the economic structure of the country are not as malleable as they were 30 years ago. The pressure for structural economic change might be greater if the Kremlin faced an economic crisis or a fall in output. In fact, despite ossification of parts of the economic structure and the failure to modernise, it faces neither.

The real change in Mr Gorbachev's first year in power is political. Far more quickly than expected he has ended the leadership crisis in the Kremlin which had gone on for a decade and had become almost an accepted part of international politics. This fact alone has led to an immediate increase in the Soviet Union's power and influence in the world.

The boast of the Brezhnev leadership was that it had achieved military parity with the US. This was true but the siege mentality born of 50 years *of revolution* and war prevented it turning this parity into visible political equality with the West. It is only in the past nine months that Mr Gorbachev and the men he appointed have sought, and to a degree obtained, the equality which so long eluded their predecessors.

Why Harrods went on its own spending spree

By David Churchill, Consumer Affairs Correspondent

CHRISTMAS came early this year for Frank Drewitt, managing director of Harrods—possibly the most famous department store in the world.

His present was the ending in March of several years of boardroom bickering. For it was then that the Egyptian Al-Fayed family bought Harrods and the rest of the House of *Fraser group for £615m, thus* outflanking the persistent ambitions of Mr Tiny Rowland's Lonrho Group.

"The wranglings of the past few years made life very uncertain for us here at Harrods," admits Drewitt, 52, who took over the managing director's job exactly a year ago after 20 years working his way up the store's managerial ladder and who is now preparing for next week's New Year sales.

"Now we feel we can look forward to the future with some confidence," he adds. "The Al-Fayeds have shown that they are prepared to make investment funds available to improve the potential of their acquisitions. When they bought the Ritz in Paris some years ago they poured over £100m into it to make it even better. The same, *I hope,* will happen to us."

Despite being the jewel in the House of Fraser crown—contributing the bulk of group profits in recent years—Harrods has been something of a slumbering giant. Like many of the other House of Fraser stores, it had been starved of investment for several years and had, like some of its more elderly customers, begun to acquire an air of genteel poverty.

At the same time, the department store format in the 1980s has been under extra pressure from specialist multiple chains offering competition for most of the departments on which Harrods' success is based.

Yet any weaknesses in the Harrods' formula were hidden from public view firstly by the boom in tourist trade in the early 1980s—some 40 per cent of Harrods sales go to overseas visitors—and also by the desire not to air any misgivings in public while Lonrho was trying to hive off Harrods from the rest of the Fraser group.

However, this year has seen Harrods embark on its biggest ever refurbishment, development, and expansion programme—spending some £30m on a distribution centre, escalators, new departments, and reclaiming some 60,000 sq ft of sales area to bring its total selling space to more than 700,000 sq ft. (In comparison, Selfridges is 400,000 sq ft in size while Marks and Spencer's largest store—*Marble Arch—is a mere 100,000* sq ft.)

Investment of at least that level is planned for next year, while a more ambitious target of a new trading floor—bringing the total selling space to over 1m sq ft—is the longer term aim of Mr Drewitt and his colleagues, possibly even by the time Harrods celebrates its centenary as a limited liability company in 1989.

The store has its origins much earlier, in 1849, when tea merchant Henry Charles Harrod took over a small grocery shop in London's Brompton Road. With two assistants, he achieved a turnover of £20 a week. Judicious expansion in subsequent years into selling not only a wide range of foods but also household goods and fashions brought an annual turnover of £500,000 by 1889.

> Store retailing 'should be rather like a theatrical experience'

The motto on the store's facade — "Omnia Omnibus Ubique" (everything for everybody everywhere)—established the trading formula. Over the years Harrods has had to live up to its motto: providing a baby elephant for Ronald Reagan (before he became President) was something the store took in its stride. Its biggest cash sale was a dinner service costing £82,000.

Four Royal Warrants later, in 1959, Harrods was picked out as its flagship by the House of Fraser group when in its acquisitive phase.

Harrods now encompasses some 230 departments, seven restaurants and four bars, a full banking service, and the only commercial lending library in the country.

December and January are the busiest months for the store when the 4,000 staff are increased by half as many again to cope with 100,000 or so customers per day before Christmas and the 300,000 who turn up on the first two days of the bargain sale.

Yet Mr Drewitt is anxious that such numbers do not lead to a lowering of standards—about 1 per cent of its £300m annual turnover goes on staff training. Moreover, he firmly believes that Harrods cannot afford to rest on its laurels.

The key merchandising decisions are taken by about 150 buyers who work under 14 section managers. Buyers are responsible not only for getting the right goods in the store at the right time but also have responsibility for these goods reaching sales and gross profit targets in store.

Mr Drewitt also believes that department store retailing "should be rather like a theatrical experience." Last month, for example, a new ground-floor department devoted exclusively to perfumes was opened. In sharp contrast to the white and marble decor of the adjacent cosmetics hall, the fragrances department has been designed by American architects C.N.I. in shining black Norwegian granite and sculptured glass.

Yet Mr Drewitt is equally conscious of not moving too far to alienate his more conservative customers, predominantly from the ABC1 socio-economic groupings (professional and managerial). He also responds to criticism of the number of tourists by pointing out that most of the business in many departments — such as home furnishings—is to UK residents.

Harrods has, however, gone out of its way to attract overseas visitors to its store by extensive advertising overseas, especially Japan and the US. Almost one-fifth of its quarterly magazine sales go to North America.

Mr Drewitt says he rules out any chain-store expansion of Harrods throughout the UK, although he indicates that more merchandising of its branded goods may take place in other parts of the Fraser group. "It is important that we make sure we maintain and improve our operation here rather than spread ourselves too thin," he says, only too aware of having to live up not only to Harrods' famous Latin motto, but also its telegraphic address which is simply: "Everything London."

Letters to the Editor

Anglo-Irish accord

From Sir John Biggs-Davison MP

Sir,—According to Margaret van Hattem (December 20), "few expected" the almost universal Ulster Unionist hatred of the Anglo-Irish accord. Let us then hope that Mr King is given time in his important office and listens to Northern Ireland as well as United Kingdom civil servants. He and his *predecessors* have *lacked* roots in the province and are at a disadvantage, compared with their colleagues at the Welsh and Scottish Offices. In the absence of democratic local government (once Conservative policy), direct rule has been colonial rule exercised by men who mix little with the natives.

To the "few" in the Conservative *& Unionist Party who consistently* study and visit and make friends, Protestant and Catholic, in Northern Ireland the reaction to the agreement was "expected." But, to judge by our postbags, there is outrage in Great Britain at a one-sided accorded that instals a Dublin Minister as monitor of a plenitude of internal matters provocatively listed in the agreement and "Ombudsman" of a minority whose equal rights are protected, and best protected, by Westminster.

Miss van Hattem quotes the Prime Minister's insistence, following the terms of the agreement, that "devolution in a manner acceptable to both communities" could rid Ulster of the intergovernmental conference. "Initiative" upon "initiative" has vainly tried to achieve this unattainable and indeed undesirable end. It would institutionalise division as the agreement has internationalised it. The SDLP wants it as a separatist step; but the Unionists are unwilling to share devolved government, as distinct from local government, with those who wish to break up the Kingdom. So the only practicable alternative is to govern this part of the realm as *truly part of* it and to replace the pettiness of provincial politics with the politics of the United Kingdom. (Party Whips should be thinking of the implications of the present discontents for the next General Election.)

Miss van Hattem quotes a "well known Unionist politician" as envisaging "a new relationship with Dublin." The agreement has soured that relationship. Mrs Thatcher's "unique relationship" cannot prosper unless it be founded on reciprocity.

(Sir) John Biggs-Davison.
House of Commons, SW1.

Shopping premises

From Mr R. Wilmot

Sir,—Small shopkeepers have every reason to be grateful for the timely warning in your property market review (Dec 20) over the threat created by the property advisory group's recommendations to the Department of the Environment about planning guidelines for shopping premises.

The PAG recommends that businesses such as banks, estate agents, employments agents and building societies should be categorised in the same class as shops. If implemented, this proposal would deprive local planning authorities of one of their main weapons needed to ensure that shops are available to meet the needs of office and other workers. Small shopkeepers need protection since few can afford to pay the level of rents applicable to financial tenants.

It is not only small shopkeepers who need to be alarmed — many readers (some working in banks, building societies, etc) are in danger of finding that they can no longer visit their hairdresser or tailor in their lunch-hour and will be well advised to support Sydney Mason, chairman of Hammerson in opposing the PAG suggestions.

R. T. D. Wilmot.
12, Kylestrome House, Cundy Street, SW1.

Choice of TV programme

From the Director General, Cable TV Association

Sir,—There has recently been considerable and generally enthusiastic comment in the media on the availability of aerial dishes (TVROs) for the direct reception of TV programmes distributed by low-power point-to-point satellites, such as Eutelsat and Intelsat.

Without attempting to dispute that these aerials can enable individual householders to increase their choice of TV programmes, I should like to point out that neither in terms of cost nor of programme choice do they compare favourably with the services offered by a cable TV system.

Furthermore, as their name implies, the satellite aerial dishes are "receive only" and thus the many benefits offered by interactive cable services will not be available to possessors of TVROs.

In the longer term, it is probable that the systems will be complementary: with TVROs *being* used to give some *extra* choice of programmes to viewers in those predominantly rural areas where cable installation will not be cost effective.

A. J. Whetstone.
295, Regent Street, W1.

Crossing the Channel

From Mr R. Ashworth

Sir,—Whatever method is decided for a fixed Channel link, it will surely take place. Advertising in your paper draws attention to the likely monopolistic situation that would exist with only one means of cross Channel connection.

If a tunnel link proves to be both tiresome and expensive the ferries will be well placed to offer a comfortable and relatively inexpensive alternative and moreover, to offer it well *in* advance of any completed tunnel scheme.

If, when I arrive at the Channel port of my choice at the beginning of Christmas week, to find that there is a ship sailing to the destination of my choice not delayed or cancelled by strikes; that I am served food and drink cheerfully and to a good standard, *that physical conditions are of* a high order, conducive to a relaxed ambience; then I will seriously reflect again whether I, at least, feel the need to succumb to "the inevitable."

R. H. Ashworth.
Hoe Farm Cottage, Hoe Lane, Flansham, Bognor Regis, West Sussex.

The law of cards

From Mr V. Ellis

Sir.—Nothing Samuel Brittan has written has given me *greater satisfaction* than his article on Christmas cards (December 21).

To add to his list of "Christmas card people" I will cite those who send out cards early in November in order to ensure one in return by Christmas; those who haven't sent you a card for years and suddenly decide to do so (signature unidentifiable, illegible, or *both*); and those who add no signature to large printed cards despatched by their secretaries and franked by their *offices.* At least the Charities will benefit.

And finally, as already exposed by Mr Brittan, cards that refuse to stand up but take off, only to return like wild geese, with the first of next winter's frosts.

Vivian Ellis.
Holnicote,
Nr Minehead, Som.

Problems in analysing the 'success' of different Universities

From Professor B. Rodgers

Sir,—The underlying problem in any analysis of the success of Universities in producing graduates easily able to enter employment (or further training) is the hugely varying percentage in the "fate unknown" category. This varies from a high of 22.7 per cent (Lancaster) to a low of 2.9 per cent (Loughborough). One method simply assigns the "unknowns" pro-rata to other categories of destination, which puts the great bulk into either the "permanent employment" or "further training" categories and only a *trivial* proportion into the "unemployed" group. This defies both anecdotal evidence of many career officers, and statistical inferences which strongly suggest that to deal with the "unknowns" in this way *undermines* the analysis and distorts its findings.

There is a proposition worth testing: that Universities with a high proportion of "unknowns" in their returns are likely to be promoted up the annual league-table (last one November 16) while those with a low *proportion are likely* to be demoted to low positions. The simplest test is a correlation of rank-order in that table with rank-order in the percentage recorded as "unknown" in each University's returns. This relationship was *first plotted* graphically, for all institutions. Three separate and discrete *elements* showed in the distribution of points: a group of nine institutions, all with undeniably excellent employment achievement and mostly strongly vocational in subject-mix, forming their own almost *perfectly* linear sub-set; an entirely anomalous group of four institutions, all in the south east; and a residual group of 31 with a broadly (and positively) linear relationship between rank in the table and percentage of graduates of unknown fate. A simple *rank-correlation* measure for the 31 gave a value of .61. If four other anomalous cases are removed then this rises to .80 for 27 cases.

These data must reinforce suspicion that a high proportion of unknowns in a University's return tends to displace it upwards in the table, and vice-versa. *This* is evident from simple inspection of the data. Most careers' services clearly try to get their "unknown" proportion down to about 10 per cent (19 fall in the range 11 per cent to 8 per cent). *Many* try less *hard,* a *few try* much harder to reduce the value to minimal levels. Their efforts may merely condemn them to a lowly position: half the bottom 10 places are occupied by Universities with "*unknown*" percentages below 8 per cent. Similarly, half the top dozen places are filled by Universities with "unknown" proportions over 13 per cent (and averaging 16 per cent). There is a short, effortless route to a position high in the table.

It may be thought that these figures suggest that it is unsafe to assume that the "unknowns" can be distributed between other categories of "destination" on a pro-rata basis. Rather, there is evidence of overlap and merger between the unknown and the unemployed groups. If these two categories are added (to form a category of graduates not yet known to be placed in jobs or training courses) a significant pattern emerges, one of remarkable constancy across the whole system. The aggregate percentage in this conjoint category for the system as a whole is 19.2 per cent: 21 Universities fall within a range 2.5 per cent above and 2.5 per cent below this value. Perhaps there are not enormous differences between Universities in the employability of graduates. But 15 *fall below this lower limit:* they have high proportions of graduates positively placed. This group, with three exceptions (Oxford, Durham and York), have an advantageous subject mix. Eight Universities fall above *these limits:* they have low proportions of graduates known to be "placed" and all but two have low indices for subject mix. They are rather unsuccessful in placing graduates, but an adverse subject-mix largely explains their difficulty.

What may give a half-acceptable measure is to apply the table subject-mix indices to the totals positively known to be in jobs or further training. The resultant batting-order would be substantially different.

(Professor) Brian Rodgers.
School of Geography, University of Manchester, Manchester M13.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc.—instant access/no penalty 9.50 Higher interest account 90 days' notice or charge 5.50/8.81 Cheque-Save 9.05/9.50 "City" Cheque-Save
Aid to Thrift	*9.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	9.75 Premium Plus min. £500. Immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly 9.25 Gold Plus £2,500+. 8.75 minimum £500, immediate withdrawal, interest annually/monthly 8.75 Banksave Plus balance £2,500+. 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.00 Instant Gold. £250-£4,999 No notice/penalty 9.25 Instant Gold £5,000-£9,999. *No notice/penalty* 9.50 Instant Gold. £10,000+. No notice/penalty
Barnsley	7.00	9.00	9.35 Summit account — £1,000+ — 3 months' notice 8.85 Special Invest (28 days' notice) 8.85 monthly inc. a/c
Bradford and Bingley	7.00	8.00	9.50 *No notice* no *penalty on up to 2 withdrawals per annum* 9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice *No penalty* 9.80 £10,000+, 9.55 £5,000+, £1,000+ 7-day notice Triple Bonus. Monthly income up to 9.55 9.80 *Special 3-month account, £5,000+, 3 months' notice*
Britannia	7.00	8.00	9.60 60 days' notice
Cardiff	8.50	8.60	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond Monthly Income 90 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.75 Cheltenham Gold. No not./pen. £10,000+ 9.75. £5,000-£9,999 9.50 £500-£4,999 9.00 Under £500 7.00 Mly. int.
Cheshunt	7.00	8.50	9.75 £5,000-£250,000, 9.25 £1,000-£4,999 instant acc. no pen.
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income 9.00 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	9.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, *monthly income option, guaranteed 2.85 differential* 9.65 Moneymaker £10,000+. 9.30 £5,000+. 9.00 £1,000+ instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	*10.50*	10.30 *Somerset super plus £10,000 minimum Monthly income*
Gateway	7.00	9.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 9.75-9.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50/9.00-8.50/8.00 Instant xtra (minimum £500) 9.50 90-day xtra. 90 days' notice/no penalty (minimum £500) 9.00 Cardcash (£2,000+). 7.00 (£1-£1,999)
Heart of England	7.00	8.25	9.80 and 9.55 High interest 8.50 Gold Key
Hemel Hempstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	9.00 7-day account Minimum £500 3-month 9.75
Hinckley and Rugby	7.00	9.80	9.80 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und. £10K 10.25 ov. £10K mag. a/c 6 w. + loss of int.
Leamington Spa	7.10	—	9.25 £20,000 min. Spa in mly. no not./pen., 8.75 £5,000 min 9.50 High flyer—no notice/no penalty £10,000 minimum 9.25 High flyer—£5,000 minimum, 9.00 £500 minimum 10.15 *Super share no not., 14 days' penalty £20,000 minimum* 9.85 *Super share £5,000 minimum, 9.?? £2,000 minimum*
Leeds and Holbeck	7.00	8.75	9.80 Monthly interest 9.25 28 days', 9.80 60 days' notice. Up to 9.50 immediate access—no penalty
Leeds Permanent	7.00	9.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+
Midshires	7.00	—	9.25 £500+ inst. acc. no pen. £100-£499 7 days' notice 9.50 3-yr. term. 2.50 gtd. £500 £1,000 M.I. 3 mths.' not./pen.
Mornington	9.10	—	9.10 £2K, 9.25 £2K+, 9.35 £10K+, 9.50 £20K+
National Counties	‡7.30	8.55	9.60 90 days' notice, no penalty £10,000+ ‡ £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty 9.50 Special share 60-day notice/penalty unless £10,000+ 9.50 Money man £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999 9.50 Bonus Builder £10,000+. 9.25 £5,000+. 9.00 £2,000+, 8.75 £500+, 9.00 £100+, no notice, no penalty 9.50 *Capital Bonds 2 yrs., 2.5 gtd. diff. 90 days' not./pen.*
Newcastle	7.00	8.25	9.50 (plus bonus) Two-Year Term. 9.25 7 days' notice. On demand by arrangement
Northern *Rock*	7.00	8.25	9.55 Moneyspinner plus £10,000 or more, instant access 9.30 *Moneyspinner plus £5,000 or more, instant access* 9.05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	8.75 7-day/monthly income option/9.00 on £10,000+
Peckham	7.65	—	8.65/9.75 immediate withdrwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	9.75 *Premium shrs. mst. acc. £5,000+ (8.95 under £10,000)*
Portman	7.00	9.25	9.90 Gold acct. Min. £1,000 1-yr. min. then 3 months' notice 9.60 Flexi-plus £10,000+. Minimum £500 9.00. No not./pen.
Portsmouth	7.15	8.65	10.00 3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	8.85 Instant access minimum £500
Regency	7.00	—	9.35 Min. inv. £500 Balance over £5,000 9.55 1 month's not.
Scarborough	7.00	8.25	9.15-9.55 over 55s no notice/penalty MI minimum £2,000
Skipton	7.00	8.25	9.70 Sovereign £5,000+. 9.25 £500-£4,999 monthly income 9.25 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75, 9.50, instant or notice
Sussex County	7.00	8.50	9.75 90 days, 9.50 monthly income, 9.25 instant access
Thrift	8.00	—	9.00 3-year term. *Other accounts available*
Town and Country	7.00	—	9.75 2-year term £10,000+. 9.50 £500-£9,999 wdrwl. available 9.80-5.75 Moneywise cheque-Visa. Interest varies with bal. 9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.50	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	9.00 Primo £500+, 9.25 £5,000+, 9.50 £10,000+, no not./pen. 9.50 Capital, 90 days' notice/penalty. Minimum £500
Yorkshire	7.00	8.00	9.80 Plat. key £10,000+ wdl. no pen. −£10,000 60 d. nt./pn. 9.50 Classic Key Monthly Income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

PPL poised for market debut

BY LUCY KELLAWAY

PPL, one of the largest privately-owned computer software houses, is poised to join the stock market early in the New Year with a likely value of about £10m.

PPL has so far escaped the difficulties that have beset many other computer companies over the past year. The market segment in which it operates — designing, selling and maintaining computer software packages — is one of the fastest growing and most stable sectors of the computer industry, so the company claims.

PPL specialises in applications packages, which allow a computer to carry out such tasks as payroll or stock control, and professes to be the largest British company in its field.

The company, which is based in London and employs over 160 people, is 15 years old. Its turnover has grown continuously to reach £9m in the year to September 1985. In that year, pre-tax profits were £735,000 (£448,000).

PPL's packages are predominantly for use with mainframe computers, and are compatible with most of the major manufacturers' hardware. Its customers span a wide range of industries. PPL claims that about 65 per cent of the top 100 UK companies use its products, as well as a number of government departments.

During the last five years, PPL has addressed itself to overseas markets. It has an associate company in France and in Spain, and has offices in the Middle East and Canada. Using the Canadian office as a base, it plans to tackle the US market.

Earlier this year, PPL raised £1.2m from the British Rail Pension Fund and from three venture capital funds to acquire Sheffield Micro Information Systems supplier of micro-based manufacturing systems. The company hopes that this will be the first in a series of acquisitions.

Schroders and Cazenove will be bringing PPL to the market via a placing of shares that will raise additional working capital for the company.

William Cook takeover battle may go to court

BY DAVID GOODHART

THE BITTERLY contested bid by steel casting manufacturer, William Cook, for foundry company, Robert Hyde, may end up in the High Court.

Mr Andrew Cook, chairman of William Cook, said yesterday that his offer worth £3 a share compared with a Hyde management buy-out offer to shareholders of about £1.40 a share.

He added that acceptances had been received for over 29 per cent of the Robert Hyde shares and "it is understood that some of the Robert Hyde shareholders have brought proceedings in the High Court requiring the Hyde board to recommend acceptances of the William Cook offer."

The Robert Hyde board is currently supporting the management buy-out plans but a general meeting of Hyde shareholders has been called for early in the New Year.

William Cook recently announced half year profits up from £303,000 to £497,000 on sales increased from £3.5m to £4.9m.

Anglo Nordic disposal

Anglo Nordic Holdings, the engineering and property group, is to sell Braby Liverpool, an industrial packaging business, to Royal Packaging Industries Van Leer BV, which will pay £1.2m to £1.5m for the fixed assets and know-how of the business, with an additional sum for the stock and work in progress.

Van Leer intends to absorb the company's production in its various UK manufacturing operations and production at Braby Liverpool will cease, with Anglo Nordic meeting closure costs and redundancy payments.

Anglo said the decision to dispose derived from over-capacity in the industry and industrial action which had led to pre-tax losses of £425,000 in the eight months to November 30.

Holmes & Marchant in £5m acquisition

By Lionel Barber

Holmes & Marchant, the Buckinghamshire-based marketing consultant, has conditionally agreed to buy Blitz Design & Graphics in a deal worth a maximum £4.9m.

Blitz specialises in producing corporate brochures and the acquisition is aimed at broadening USM-quoted Holmes & Marchant's marketing services. H & M shares closed at 375p, up 5p on the day.

Blitz, a private company formed eight years ago, made pre-tax profits of £222,000 on £1.35m turnover in the eight months to September 30 1985. Since 1981, Blitz's turnover has shown a compound growth of more than 60 per cent on an annualised rate, according to H & M.

H & M is to pay an initial £1.35m by issuing 360,000 new shares, which will expand the company's share capital by 9 per cent. A further £150,000 in cash is to be paid on completion.

A further £3.4m will be made in two deferred payments in 1986 and 1987, subject to Blitz making pre-tax profits of £525,000 and £750,000 in the respective years. The two payments of £1.7m will be met by issuing new shares, based on the then current market price. H & M is reserving the option to pay up to one-third in cash.

H & M shares were placed on the USM at 300p last May. The taxable profit for the year to September 30 1985 came to £1.03m.

Mr John Holmes, group chief executive of H & M, is to join the board of Blitz, while Mr Edward Blitz, managing director, is to join the H & M board. Both Mr Blitz and Mr Christopher Ramsey are to enter five-year service agreements and, along with the other Blitz directors, are to continue in their present executive roles.

Electronic Machine

Electronic Machine said it knew of no reason why its share price had suddenly shot up from 38p at the end of last week to 60p—up 8p on the day—yesterday.

The companies brokers Laurie Milbank said there were certainly no talks going on between the £1m turnover Surrey-based company and anyone else.

Joan Gray assesses Beazer's fiercely contested £113m bid for French Kier

Offer goes against industry trend

THE FIERCELY contested £113m takeover bid by C. H. Beazer (Holdings) the house-building group, for the UK construction company French Kier Holdings, is an almost complete reversal of every trend affecting Britain's construction industry.

While the industry's biggest contractors have been trying to reduce their dependence on civil engineering, a cyclical and, at present, depressed market because of its dependence on government spending, Beazer is trying to get into the business.

French Kier is one of Britain's purest civil engineering companies. Construction accounts for 92 per cent of its £327m turnover in 1984 and 77 per cent of its £16.4m profit.

Beazer is an expanding property developer and Britain's fourth largest housebuilder, with an expected output of 4,500 houses this year. It is smaller than French Kier, with a turnover of £190m in 1984-85 and profits of £15.8m, 66 per cent of which came from housebuilding.

Housebuilding is highly profitable but cash hungry, requiring heavy investment in land and materials before the profits can be realised. It makes a good combination with civil engineering, which, 90 per cent dependent on public sector spending, generates large cash flows but comparatively small profits.

Housebuilding already buttresses the profits of contractors such as George Wimpey, Tarmac, Trafalgar House, Costain and John Laing. John Mowlem, the last major civil engineer in the UK without a housebuilding business, has just bought Alfred Booth. French Kier, was recently defeated in its attempt to expand its own small housebuilding arm by buying Abbey, the Irish-based housebuilders.

For Mr Brian Beazer, Beazer's chairman, the same view of the complementary nature of the two industries is at work.

He has spent more than £100m on new companies since 1983. Purchases include property developers Second City Properties and M. P. Kent, housebuilders Mossell Youell and William Leech, and construction machinery group Braham Millar.

"I've already spent a great deal of money expanding my homes and property businesses and I don't want to put any more acquisitions into that sector," he said.

"I now want to look at contracting to get the widest spread in the construction industry. I hear a lot of siren voices saying: 'Why not buy a departmental store?' But if I owned one I wouldn't know what to do with it."

Beazer's move is "a sound long-term strategic bid," says Mr Jamie Stevenson, an analyst with stockbrokers Savory Milln. "Civil engineering will generate the cash, so if there is a downturn in housebuilding he will have the cash to counter it and not run up vast debts."

There is also the possibility that government spending on roads, sewers and other infrastructure projects may increase as a General Election approaches, are if there is a change of government.

Mr Beazer plays down such a short-term interest. "An upturn in infrastructure spending must come, but I am looking for a long-term expansion," he says. "Marrying companies is like marrying people — it's a long-term relationship which needs to be set on solid ground."

Mr John Mott, chairman of French Kier, left, and Mr Brian Beazer, chairman of C. H. Beazer

But proposals of marriage need two to succeed and Mr John Mott, chairman of French Kier, is most reluctant to accept Beazer's advances.

Mr Mott is a bluff civil engineer whose early working life was spent building sewers and tunnels and international expressways, and whose strong features tend to be cartooned against a background of bulldozers, scrapers and dumper trucks.

He has several reasons for resisting a Beazer takeover, the first of which is the price.

Beazer's offer is worth 231p for each French Kier share, compared with last night's closing price of 266p per share. The offer has been extended to January 2 after gaining acceptances from the holders of only 0.2 per cent of French Kier's equity by the first closing date.

Mr Beazer has already bought a 25.6 per cent stake, the original Kier family holding, from Trafalgar House.

Mr Mott was sufficiently badly scarred when J. L. Kier, the company he joined 33 years ago, was taken over by W. & C. French in 1973, to make him reluctant to live through another.

"It's simple to draw up an organisation chart and merger document but actually marrying two different companies with different people and different cultures is hard," he says.

"Beazer is a very sound housebuilding business, but its board is mainly composed of people with a financial background and we have a better balanced board by professional qualification, attainment and experience. I don't think Beazer can do anything for French Kier because they have no significant experience either nationally or internationally.

"We're principally a civil engineering company and civil engineering is very different from building. Dams, harbours, power stations, roads and bridges require the application of scientific civil engineering knowledge and training, whereas housebuilding is a much more traditional skills."

Mr Beazer's argument is a mirror image of Mr Mott's.

"I don't believe a mixture of cultures is a disadvantage to a business, in fact the reverse," he says. "You've got to have a counting house mentality and they could do well to bring in a more commercial element.

"The first thing a civil engineer asks is: 'Can it be done?' The first thing I ask is: 'Can we make money?'"

Mr Mott points to French Kier's heavy overseas workload. Activities abroad accounted for 32 per cent of 1984's turnover and 52 per cent of pre-tax profits, and increasing involvement in office, shop and factory building in the UK. "Just because we've not grown by a rapid series of acquisitions, it doesn't mean we're not entrepreneurial.

"We are the merchant venturers of the construction industry. I don't know how much more entrepreneurial you can be than going round the world and working in 30 different countries on high-risk projects.

"If Mr Beazer says he'll bring entrepreneurial skills to the group, I can't see where he'll bring them."

Cambridge Instrument

Cambridge Instrument Company, the unquoted manufacturer of scientific instruments, has more than doubled interim profits but warns that the seasonally better second half will not be as good as expected.

Taxable profits for the six months to September 20 1985 climbed from £618,000 to £1.4m on turnover ahead from £21.32m to £27.15m.

The directors expect the imbalance of profits between the first and second half to be less marked this year. Profits for the 1984-85 year were £4.21m pre-tax.

John Williams in the black

A small full-year pre-tax profit of £25,000, against a loss of £270,000, was achieved by John Williams of Cardiff, the steel stockholder, processor and galvaniser, and foundry operator.

Profits for the year to end-September 1985 would, the directors state, have been £50,000 higher were it not for a major run out of hot metal from the Channel furnace in June. This caused damage to plant and interrupted production for six weeks.

The foundry, which is heavily dependent on the motor industry, has suffered a fall in demand since the year-end but the directors say that the position should improve.

Foundry trading profits improved from £42,000 to £150,000 and steel stockholding and processing businesses improved from £1,000 to £192,000.

Staff overheads have been cut in Cardiff steel operations which have now become profitable.

Glen Metals, in Scotland, has also returned to a reasonable trading profit and will concentrate on increased volume.

Net turnover during the year was higher at £12.02m, against £10.3m. There were earnings per share of 0.33p (losses 3.18p)—no dividends have been paid since 1982.

There was no tax (credit £22,820) and an extraordinary debit of £1.07m the previous year was turned round to a credit of £27,000.

Advance at Western Selection

The 12 months ended September 30 1985 was a record year for the wire and cable manufacturing and investment finance group Western Selection. Pre-tax profit rose from £615,000 to £791,000 and earnings per share were up from 3.48p to 4.76p.

A final dividend of 1.7p maintains the net total at 2.7p.

Duratube & Wire, which serves the telecommunications industry, lifted its profit contribution from £330,000 to £581,000. Sales showed a significant increase with exports, particularly to the Far East, rising overall by 89 per cent.

The new external cable manufacturing line has been tested under full operating conditions, and sales are expected to make a favourable impact on the current year's performance, the directors report.

Profit contribution of the parent company came to £202,000, against £224,000.

Alexander Russell

Scottish Heritable Trust the York-based industrial holding company, has acquired a 5.36 per cent holding in Alexander Russell, the building supplies distributor and coal recoverer. The stake is held by Claxton and Garland, Scottish Heritable's housing projects subsidiary.

UEI sells offshoot to Parkfield for £3m

BY DAVID GOODHART

UEI, the Surrey-based electronic and engineering company, has sold its J. Fisher subsidiary to the Parkfield Group for £2.76m, realised through a vendor placing.

Fisher, which has been owned by UEI since 1970, manufactured precision tooling for the plastics injection moulding industry. UEI said yesterday it had made the disposal to release further management time and resources for its high technology activities.

Fisher's pre-tax profits for the year to the end of January 1985, were £331,000 before management charges of £120,000. Net tangible assets at that date were £708,000. Since then, however, UEI has introduced £2.242m of the new capital and withdrawn total dividends of £675,000. At the date of completion Fisher's net tangible assets are expected to be £2.37m.

Parkfield is a Cleveland-based USM—quoted iron foundry and electrical group. It has issued 1.3m new shares to finance the deal. Parkfield shares closed up 5p at 232p, UEI was unchanged at 202p.

Airsprung jumps to £0.75m

The benefits from its investment in new technology and the changes to its management structure and organisational methods, have helped Airsprung Group, Wiltshire-based bed manufacturer, to a surge in pre-tax profits from £255,703 to £748,691 in the six months to September 30 1985.

In view of this the directors are lifting the interim dividend to 2.65p (2.4p). A total of 5.6p was paid in 1984-85 on profits of £516,932. Stated net earnings for this half are ahead from 2.4p to 8.1p per 10p share. The group's shares are traded on Granville's over-the-counter market.

Turnover improved by £1.6m to £11.61m, and Mr J. G. W. Yates, the chairman, reports that indications are that the second half has started well with results above budget. He is confident of a satisfactory outturn for the year.

The smaller subsidiary companies are now making important contributions, he says, and particularly mentions the considerable improvement at F & M Ducker, which is expected to show a profit for the current financial year.

Nikko to take control of Fraser Green

Nikko International Capital Management Company, the international investment arm of Nikko Securities of Japan, is to acquire a controlling interest in Fraser Green, a UK fund manager.

The interest is being sold by Duncan C. Fraser and Co, UK consulting actuary. It felt that its ownership of a pension fund manager conflicted with its role as adviser in the selection of portfolio managers.

Fraser Green manages about £200m on behalf of UK pension funds and charities. The price of the transaction was not disclosed but was negotiated as a proportion of the sums under management.

Mr. S. J. Green, the chief executive, said the firm had received 17 approaches from potential purchasers. Nikko's offer had not been the highest, but the deal held out the best opportunities for both the clients and the executives of the company. Nikko offered enormous scope, he said, and would open up business for the firm in the US and Far Eastern markets.

Fraser Green will retain a degree of local independence, though the membership of the board will be partially changed. Mr. Jeremy Hanley, MP, will succeed Mr Geoffrey Heywood as chairman, and Mr Green will remain chief executive.

Bula Resources

Bula Resources, the troubled Irish oil exploration company, has raised I£2.9m through a private placement of shares of 3½p each. The shares have been bought by a small number of corporate and institutional investors.

Earlier this month Mr Michael Wymes, chairman and managing director, and two other directors, Mr Tom Roche and Mr Richard Wood resigned from the company. New directors are expected to be appointed early in 1986.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Dec 27 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tues Dec 24 Index No.	Mon Dec 23 Index No.	Fri Dec 20 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	569.74	+0.4	10.11	4.03	12.39	15.66	567.26	568.67	565.20	554.90	587.25	25/11	483.30	25/7	587.25	25/11/85	50.71	13/12/74
2	Building Materials (25)	628.19	+0.4	10.61	4.32	11.76	18.51	625.43	631.18	621.68	508.19	651.74	26/11	472.11	26/2	651.74	26/11/85	44.27	11/12/74
3	Contracting, Construction (27)	917.84	+0.3	10.48	4.72	12.29	28.55	915.07	914.60	912.83	736.35	963.49	30/10	684.17	8/3	963.49	30/10/85	71.48	2/12/74
4	Electricals (13)	1524.90	+1.3	9.58	4.97	13.60	52.34	1506.85	1511.72	1503.13	1594.89	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1404.31	+0.5	10.62	3.25	12.35	32.14	1395.92	1405.54	1396.24	1935.38	1977.60	9/1	1229.01	8/10	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	323.67	+0.4	10.70	4.45	11.36	9.89	322.35	321.79	320.33	276.91	336.97	25/11	263.85	25/7	336.97	25/11/85	45.43	5/1/75
8	Metals and Metal Forming (7)	239.44	−0.1	9.20	6.82	13.26	7.98	239.67	239.67	238.39	167.93	249.75	27/11	165.08	14/1	249.75	27/11/85	49.65	6/1/75
9	Motors (17)	206.36	—	11.62	4.30	10.38	5.95	206.27	206.00	202.89	143.14	208.01	22/11	142.57	3/1	208.01	22/11/85	19.91	6/1/75
10	Other Industrial Materials (20)	1010.85	+0.5	7.68	3.59	15.59	25.55	1006.10	1003.93	1007.37	834.31	1059.62	22/11	828.60	3/1	1059.62	22/11/85	277.55	15/1/81
21	CONSUMER GROUP (177)	763.43	+0.4	8.63	3.61	14.54	19.20	760.50	757.70	757.47	616.97	790.71	29/11	604.96	3/1	790.71	29/11/85	61.41	13/12/74
22	Brewers and Distillers (23)	783.64	+0.8	9.64	3.94	13.32	20.75	777.55	770.35	774.93	568.23	816.65	25/11	550.86	3/1	816.65	25/11/85	69.47	13/12/74
25	Food Manufacturing (22)	565.80	+0.1	10.63	4.46	12.08	18.15	564.96	565.02	564.96	474.57	590.26	29/11	471.62	25/7	590.26	29/11/85	59.67	11/12/74
26	Food Retailing (14)	1729.97	+0.4	6.34	2.60	21.22	29.84	1723.71	1731.30	1727.96	1451.03	1852.45	29/11	1400.36	1/3	1852.45	29/11/85	54.25	11/12/74
27	Health and Household Products (9)	1233.41	+1.0	6.21	2.66	18.90	23.08	1220.81	1214.10	1208.77	1018.72	1233.41	27/12	980.65	11/4	1233.41	27/12/85	175.38	28/5/80
29	Leisure (24)	751.25	+0.1	7.45	4.48	17.11	23.83	750.29	748.55	749.81	678.68	778.92	25/11	590.69	12/7	778.92	25/11/85	54.83	9/1/75
32	Newspapers, Publishing (11)	1835.56	+0.3	7.30	5.25	17.35	60.91	1829.19	1830.05	1828.21	1459.00	1924.08	1/11	1445.15	3/1	1924.08	1/11/85	55.08	6/1/75
33	Packaging and Paper (13)	363.35	+0.2	9.59	4.26	12.51	10.30	362.67	362.38	362.11	290.43	380.46	28/11	286.36	3/1	380.46	28/11/85	43.46	6/1/75
34	Stores (42)	754.65	+0.1	7.07	2.89	19.13	15.85	753.74	753.80	752.57	549.10	834.96	25/11	529.47	19/2	834.96	25/11/85	52.63	6/1/75
35	Textiles (26)	383.26	+0.4	11.59	4.48	9.79	11.43	381.78	381.71	379.68	297.80	397.45	29/11	293.07	3/1	397.45	29/11/85	62.66	11/12/74
36	Tobaccos (3)	897.32	−0.1	14.69	5.01	7.77	31.43	898.31	880.37	881.65	904.44	1010.69	8/2	714.72	26/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	708.04	+1.0	9.70	4.10	13.49	20.53	701.35	699.68	700.98	605.86	742.63	25/11	605.99	3/1	742.63	25/11/85	58.63	6/1/75
42	Chemicals (18)	736.20	+1.2	13.63	5.27	9.71	26.71	727.15	727.13	724.53	722.74	832.26	22/2	645.96	26/9	832.26	22/2/85	71.28	1/12/74
44	Office Equipment (4)	206.43	−0.2	7.72	4.24	15.46	6.20	206.82	206.82	207.89	153.38	230.66	6/11	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (10)	1337.11	+0.8	7.42	4.16	16.47	40.16	1326.01	1313.76	1318.25	958.31	1382.17	29/11	958.08	3/1	1382.17	29/11/85	90.80	29/6/62
46	Miscellaneous (64)	877.92	+0.8	8.15	3.80	15.06	23.06	871.13	865.06	866.49	798.41	917.43	22/11	787.88	26/7	917.43	22/11/85	60.39	6/1/75
48	Telephone Networks (2)	878.00	+1.0	9.39	3.74	14.61	23.81	869.06	869.59	874.01	695.50	942.07	21/11	701.92	3/1	942.07	21/11/85	517.92	30/11/84
49	INDUSTRIAL GROUP (482)	705.92	+0.5	9.26	3.84	13.69	18.85	702.12	700.81	700.00	607.85	731.27	25/11	599.75	3/1	731.27	25/11/85	59.01	13/12/74
51	Oils (18)	1117.69	−0.4	18.57	7.82	6.39	61.16	1121.90	1119.95	1115.12	1067.21	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	741.37	+0.4	10.35	4.30	12.08	22.26	738.16	736.80	735.67	646.46	771.36	25/11	636.98	3/1	771.36	25/11/85	63.49	13/12/74
61	FINANCIAL GROUP (116)	516.53	+0.5	—	4.72	—	17.23	513.98	513.69	510.79	434.58	536.82	21/11	430.10	4/1	536.82	21/11/85	55.88	13/12/74
62	Banks (6)	538.06	+1.5	17.65	5.54	8.38	21.12	530.31	527.27	518.78	434.89	554.06	25/11	420.58	15/4	554.06	25/11/85	62.44	12/12/74
65	Insurance (Life) (9)	780.14	—	—	4.36	—	23.53	780.14	780.14	779.70	588.10	832.57	29/11	580.95	4/1	832.57	29/11/85	44.88	2/1/75
66	Insurance (Composite) (7)	400.57	—	—	4.92	—	13.79	400.57	400.57	398.48	310.71	418.00	21/11	303.16	25/2	418.00	21/11/85	43.96	13/12/74
67	Insurance (Brokers) (8)	1151.01	—	7.41	3.78	18.04	30.86	1151.01	1161.41	1158.01	1026.67	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	281.00	+0.1	—	3.71	—	7.27	280.60	280.60	280.70	223.72	290.23	18/11	220.65	3/1	290.23	18/11/85	31.21	7/1/75
69	Property (51)	666.19	+0.5	5.97	3.72	22.37	18.01	663.10	663.62	663.73	640.12	699.58	13/11	585.70	10/7	699.58	13/11/85	56.01	20/4/65
70	Other Financial (24)	294.60	+0.1	10.18	5.92	12.11	12.34	294.22	294.93	294.26	273.34	312.36	11/11	261.32	26/7	312.36	11/11/85	33.29	17/12/74
71	Investment Trusts (105)	642.89	—	—	3.41	—	15.53	642.53	642.93	642.92	568.11	643.86	25/11	557.78	31/7	643.86	25/11/85	71.12	13/12/74
81	Mining Finance (3)	244.41	−0.3	13.69	6.36	8.50	10.50	245.22	245.22	247.39	272.17	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	590.20	+0.3	13.45	6.94	8.82	29.33	588.62	589.01	589.70	623.66	687.15	22/1	562.27	15/10	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	676.10	+0.4	—	4.37	—	20.65	673.30	672.30	670.98	589.74	702.66	25/11	581.88	3/1	702.06	25/11/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Dec 24	Dec 23	Dec 20	Dec 19	Dec 18	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1398.9	+7.4	1398.9	1392.8	1391.5	1388.6	1386.5	1390.7	1378.8	1225.6	1455.5	25/11	1206.1	3/1	1455.5	25/11/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 27	Day's change %	Tues Dec 24	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.26	+0.14	118.46	0.37	11.58
2	5-15 years	130.69	+0.20	130.43	—	14.58
3	Over 15 years	136.99	+0.22	136.69	—	13.36
4	Irredeemables	149.88	—	150.86	0.97	14.54
5	All stocks	129.06	+0.18	128.97	0.14	13.47
6	Debentures & Loans	111.12	—	111.12	—	12.05
7	Preference	81.68	+0.03	81.65	—	6.66
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	108.21	−0.13	108.35	—	3.11

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 27	Tues Dec 24	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.17	10.18	10.63	11.56	28/1	9.75	18/10
2	Coupons	15 years	10.31	10.32	10.51	11.29	29/1	9.98	18/10
3		25 years	10.31	10.33	10.82	11.28	28/1	[illegible]	18/10
4	Medium	5 years	11.18	11.17	[illegible]	12.40	28/1	[illegible]	18/10
5	Coupons	15 years	10.84	10.86	[illegible]	11.63	28/1	[illegible]	18/10
6		25 years	10.51	10.53	[illegible]	11.29	28/1	[illegible]	18/10
7	High	5 years	10.77	10.67	[illegible]	11.69	28/1	[illegible]	18/10
8	Coupons	15 years	10.76	10.76	[illegible]	11.81	28/1	[illegible]	18/10
9		25 years	10.53	10.53	[illegible]	11.67	28/1	[illegible]	18/10
10	Irredeemables†		9.79	9.78	9.90	10.49	28/1	[illegible]	18/10
11	Debs & Loans	5 years	11.72	11.72	11.72	[illegible]	29/1	[illegible]	21/10
12		15 years	11.47	11.47	11.46	12.37	29/1	11.04	21/10
13		25 years	11.47	11.47	11.68	12.37	29/1	11.01	21/10
14	Preference		12.80	12.80	12.74	13.14	29/1	11.73	29/10
15	Inflation rate	5%	3.83	3.81	3.95	3.83	27/12	3.11	11/3
16	Inflation rate	10%	3.64	3.62	3.17	3.64	27/12	[illegible]	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Clay (Richard) (32) has been deleted and replaced by St Ives (32)

COMPANY NEWS IN BRIEF

RESULTS

CHARTER TRUST & Agency, an investment trust, reports higher net earnings of £1.88m, against £1.75m, for the year to end-November 1985. Earnings were 2.32p (2.16p). The final dividend is 1.5325p (1.4p) for a 2.32p (2.15p) total. Net assets value at year-end was 108.1p (91.1p).

C. A. SPERATI (The Special Agency), button and trimming merchant, reports a virtually doubled pre-tax profit of £31,569, against £15,973, for the year to end-October, 1985. Turnover was up from £504,023 to £588,210. Earnings per share were 24.61p (15.87p). There is still no dividend.

KELSEY INDUSTRIES, a solder manufacturer, reports a higher taxable profit of £1.57m, against £1.33m, for the year to end-September 1985. Turnover was up from £30.83m to £34.61m. The total dividend is held at 8p with an unchanged final of 5.5p.

BIDS AND DEALS

BORDER AND Southern Stockholders Trust, the international investment trust, has increased its stake in Tilbury Group, the civil engineering and building company, to 1.35m shares (9.13 per cent). Schroder Wagg, Tilbury's financial advisers, said the increased holding was a welcome mark of confidence in the company in the light of the recent sale of its road surfacing and aggregates division.

SWINTON SERVICES, financial services group, has acquired 765,000 shares, or 8.01 per cent, of Goldsmiths Group, jeweller, pawnbroker, hotelier and insurance consultant. County Bank, Goldsmith's financial adviser, said the stake was seen as a positive development.

KUWAITI INVESTMENT Office has increased its stake in the Robert Fleming investment trust—Fleming Mercantile — from undisclosable to 10.55m shares or 7.3 per cent.

CULLEN'S HOLDINGS, groceries, wine and spirit retailer, is selling its site in Dorking, Surrey to Intercede 308 for development. Consideration is £1.7m, payable on completion, and £0.4m later. Cullens' audited accounts at March 3 1985 included the site at £1.2m. The company is seeking a new location for its head office.

MANSON FINANCE TRUST is now 54.04 per cent owned by Hong Leong Group of Malaysia.

HARVEY & THOMPSON has conditionally agreed to acquire the loan book of Goodman & Sterling (Coventry) for a consideration of £800,000 payable in cash. The loan book has a net book value in the accounts of Goodman & Sterling (Coventry) of approximately £1.7m. In addition, the company has further agreed to acquire the fixed assets, including a small freehold property, for £50,000 in cash.

BRITISH STEAM Specialities Group has exchanged contracts for the sale of its steel stockholding business, A. H. Allen (Steel Stockbrokers), to Henry Barrett & Sons for £1.13m cash. This represents the trading assets of the business conducted from Northampton and Derby, with a value of some £987,000. The current unaudited pre-tax profit of the business being disposed of is approximately £175,000 pa.

GOLDSMITHS GROUP chairman, Mr A. C. Gover, has decided to concentrate on his family interests and accordingly Mr D. J. Clark and associates have agreed to acquire 1,263,235 ordinary in Goldsmiths (12.2 per cent) from Mr Gover and certain members of his family at 176p per share. Mr Gover has resigned as chairman of Goldsmiths and as a director of all Goldsmiths subsidiaries. Mr D. J. Clark has joined the board as a non-executive director. Discussions with Mai regarding the disposal of the insurance division have been terminated.

EQUIPU has acquired Oxford Software, trading as Oxford Data Systems. Oxford Software, based in Oxford, supplies micro-computers, and is an authorised dealer for IBM, Apple, Compaq and Apricot. In addition, it supplies bespoke software and full training facilities. Oxford Software's net tangible assets at September 30 showed a deficit of £3,782. The sales for the year ending September 30 were £996,376, showing a net loss for the year of £23,243.

BRITANNIA SECURITY GROUP has purchased the business and certain assets of Sentrymatic for £260,000 paid in cash. Sentrymatic manufactures sophisticated access control equipment which is installed in multi-storey flats and residential homes. In addition to the assets of the business, Britannia takes over the installed equipment owned by Sentrymatic as well as rental and maintenance agreements.

AUSTIN REED GROUP has acquired J. A. Robertson & Sons (Dumfries), one of the few remaining independent manufacturers of top quality cashmere and lambswool knitwear for men and women. The Robertson family has been a supplier to Austin Reed's shops since 1920. It is expected that Robertson's net asset value at December 31 will be around £2.24m. Of that amount, £2.18m will be satisfied by January 6 by the payment of £346,855 in cash and the issue, credited as fully paid, of ordinary and "A" ordinary non-voting shares.

WARNER HOLIDAY'S 6¾ per cent first mortgage debenture stock 1984-89 will be redeemed in full on June 30, 1986.

MECCA LEISURE'S 6¾ per cent first mortgage debenture stock 1985-90 and 7 per cent first mortgage debenture stock 1985-90 will be redeemed in full on March 31, 1986.

RADIO RENTALS (HOLDINGS) intends to redeem at par on March 24, 1986 the 6¾ per cent unsecured loan stock 1983-88 outstanding on the redemption date. Interest in respect of the six months to March 1986 will be paid.

INTERNATIONAL COMPANIES and FINANCE

Bouygues buys into rival builder

BY PAUL BETTS IN PARIS

BOUYGUES, FRANCE'S largest construction group, has acquired a 9 per cent stake for around FFr 19m ($2.5m) in Screg, the leading French road construction company. It has an option to aquire a further 17 per cent stake.

The move marks diversification by Bouygues, which until now has not been present in any significant way in the road construction market, and it reinforces Bouygues' efforts to play a major role in the construction of a fixed link across the Channel.

Bouygues is already involved in the French end of the Channel Tunnel Group/France Manche twin-bore rail tunnel project. By taking a stake in Screg, which was recently named as the French general contractor for Mr James Sherwood's Channel Expressway rail and road tunnel project, Bouygues has now also a direct interest in the rival expressway tunnel scheme.

Bouygues has also recently engaged as a vice-president, Mr Andre Chadeau, the former chairman of the SNCF, the French state railways, who resigned last September. The SNCF is playing an important role like British Rail in the eventual choice of a Channel link scheme.

French consultants for the Channel Expressway project disclosed this week that the French Government was pressing Channel Expressway and the Channel Tunnel Group/France Manche to hold talks over possible collaboration on a common fixed link project.

Bouygues is buying its 9 per cent stake in Screg from Petrofina, the Belgian oil group. If Bouygues takes up its option on more shares it would hold 28 per cent of Screg, giving Bouygues virtual control. No other shareholder has a stake of more than 5 per cent in Screg.

Screg has been suffering from financial difficulties and is expecting to report a loss of FFr 700m this year. The company's annual sales total about FFr 22bn.

For its part, Bouygues, with sales of about FFr 27bn, expects to report net earnings of about FFr 420m this year after earnings of FFr 401m for 1984.

Bouygues has been involved in a number of acquisitions recently to diversify, but the Screg deal is among its most significant transactions.

Sanko to halve fleet and axe 1,400 jobs

By Carla Rapoport in Tokyo

THE reconstruction of a slimmed-down Sanko Steamship, the Japanese tanker company which collapsed last August with nearly Y1,000bn ($4.95bn) in debts, may now be possible thanks to an agreement between the company's major creditors.

According to documents filed with the Tokyo district court yesterday, Sanko plans to halve its fleet to some 130 ships, mainly bulk carriers leased from Japanese trading companies. Daiwa Bank, Sanko's leading creditor, has agreed to lend extra funds in case the group has a shortage of operating cash.

The rehabilitation plan calls for sacking two-thirds of Sanko's workforce, reducing it from 2,100 to 700. Further, it calls for the cancellation of charter contracts with 18 overseas shipowners regarding 72 vessels. Sanko plans to pay cancellation fees of 5 per cent.

The plan also calls for the new Sanko to increase its charter commissions to nine trading houses as partial compensation for their losses.

Suez takeover will boost property lending side

BY DAVID MARSH IN PARIS

SUEZ, the French state-owned finacial and industrial holding group, is strengthening its position in the property lending field through a takeover of Banque la Henin, the specialised credit bank.

Bank la Henin, which was nationalised as part of the sweeping state takeovers of 1982, will become part of Suez early next month in a share exchange deal with the Government believed to be worth about FFr 350m ($45.5m).

Before nationalisation, Banque la Henin was already linked to Suez through the latter's Compagnie la Henin subsidiary. The latest deal is part of a series of transactions under which the state is compensating Suez for its divestment of a 40 per cent stake in the Credit Industrial et Commerciale banking group.

It completes a range of acquisitions by Suez during the past two years to reintegrate into the group former banking subsidiaries.

Suez has also taken steps to build up its insurance interests through buying out the remaining 50 per cent share in a joint subsidiary, La Henin Vie, held with the Cigna group of the US.

● Societe Generale has obtained a licence from the People's Bank of China to open a branch in the special economic zone of Shenzhen, in southern China.

HK hotel sold for $38m

By Our Financial Staff

PALIBURG INVESTMENTS of Hong Kong has agreed to sell its Riverside Plaza Hotel in Hong Kong's New Territories to Regal Hotels (Holdings) for HK$292.7m (US$38m).

In payment, Regal will turn over to Paliburg properties worth HK$56.6m, cancel HK$62.3m worth of Paliburg warrants, issue to Paliburg HK$66.5m worth of new Regal shares and distribute to Paliburg shareholders to Paliburg shares Regal now owns.

Regal will also pay Paliburg HK$68.9m in cash, which it plans to finance through a rights offer.

Hongkong Bank chief to retire

BY DAVID DODWELL IN HONG KONG

MR MICHAEL SANDBERG is to step down as chairman and chief executive of Hongkong and Shanghai Banking Corporation in 1986. He will be succeeded by Mr William Purves, 54, who has been deputy chairman since May 1984.

Over his eight-year tenure as chairman, Mr Sandberg has overseen rapid expansion in Hongkong Bank, with major acquisitions in the US, the UK and Australia. Assets have grown from HK$60bn in 1977 to around HK$400bn (US$51bn) at the end of 1984, with the bank now claiming to be among the world's 20 largest banks.

Mr Sandberg's term has nevertheless been controversial and turbulent, spanning the collapse of Hong Kong's property market, upheavals surrounding secret Sino-British negotiations over the future of the territory, and completion of the bank's new HK$6bn aluminium and glass headquarters. Loans were made that ultimately proved damaging to the bank, particularly those to the Carrian group, which collapsed at the end of 1983 with debts of more than HK$10bn.

Mr Purves joined Hongkong Bank in 1954, and has worked in West Germany, Malaysia, Singapore, Sri Lanka and Japan as well as Hong Kong. He will succeed as chief executive of the bank in mid-March, and will become chairman later in the year.

Mr Sandberg said yesterday: "One takes the opportunity to go not only when one has had enough, but when you have someone good to take over from you. Mr Purves is someone in whom I have the greatest confidence."

He will leave Hong Kong on retirement, resigning various other offices, which includes chairmanship of the Royal Hong Kong Jockey Club.

Revlon unit purchase collapses

BY TERRY DODSWORTH IN NEW YORK

THE smouldering corporate row over the future of Revlon's beauty care division has erupted again after the U.S. company announced that the $905m agreement to sell the beauty business to the Adler and Shaykin investment group had collapsed.

The disagreement, which Adler intends to press through the courts, dates back to Revlon's unsuccessful attempts to defend itself from a hostile bid from Pantry Pride, the Florida-based supermarkets group.

At that time, Revlon signed a deal to sell the beauty care activities to Adler in an attempt to make itself less attractive to Pantry Pride.

Since the takeover of Revlon was completed, however, Pantry Pride has made it clear that it wants to retain the beauty business, and that it prefers to sell the health care units to reduce debt instead. It now says that since the beauty division sale has not been completed within the duly assigned period, it is calling it off entirely.

Adler has strongly rejected Pantry Pride's claims that it has over-run the closing period on the deal, saying that the new Revlon management has not performed in accordance with the terms of the agreement. The New York investment group has already sued Revlon for blocking its access to financial information, and says that it now intends to press its claims in the Delaware courts.

Meanwhile, the incoming team at Revlon has concluded the sale of two health-care units, with the prescription drug business going to Rorer Group, and Norcliff Thayer to Beecham of the UK. Wall Street believes that these disposals put more pressure on the group to retain the beauty division.

Profit setback for Perlis Plantations and Pelangi

BY WONG SULONG IN KUALA LUMPUR

PERLIS PLANTATIONS and Pelangi, two listed companies controlled by the Kuok family have reported sharply lower profits due to the economic slowdown in Malaysia.

Perlis Plantations, the diversified group which is involved in sugar refining, property development, hotels and trading, said its after-tax profit for the year ended September was 23 per cent lower at 35.3m ringgit (US$14.7m).

This included an extraordinary loss of 5.7m ringgit arising from the write-off of one group investment and a bad loan. Turnover was 370m ringgit.

Pelangi, which is involved in property development in the southern state of Johore, reported a 33 per cent drop in after tax profit to 4.1m ringgit for the six months to September, on turnover which fell 13 per cent to 22.2m ringgit.

Perlis is paying a final dividend of 8 per cent, making a total of 22 per cent for the year compared with 26 per cent previously. No interim dividend was mentioned by Pelangi, although an interim dividend of 8 per cent was paid last time.

Gulf Canada sale approved

THE CANADIAN Government has approved the previously announced sale of Gulf Canada's refining and marketing assets in eastern Canada to Ultramar Canada, a subsidiary of the UK oil group, Agencies report from Ottawa.

The decision was announced by Mr Sinclair Stevens, Minister responsible for Investment Canada, the country's foreign investment review body. Investment Canada said Ultramar would integrate the Gulf assets into its own operations and provide a continuation of the marketing business and employment for its workforce of about 880.

Investment Canada also noted Ultramar will spend C$125m (US$90m) over the next five years to upgrade marketing outlets and to improve its Quebec City refining operations.

Mr Stevens said improved profitability of Ultramar's Canadian operations would allow the company to attract Canadian Equity Investors

Rapid-American in $300m deal

BY OUR FINANCIAL STAFF

RAPID-AMERICAN, the diversified US group chaired by Mr Meshulam Riklis, is expanding its retailing activities through the acquisition of T. G. and Y. Stores for more than $300m.

T. G. and Y. operates a chain of about 700 stores, mainly in the southern US, with annual revenues of $2bn from variety merchandising and discount operations. The company is a unit of Household International's merchandising business, which is being bought by a group of investors for close to $700m.

Rapid-American said that, through its McCrory subsidiary, it had been preparing for an acquisition of this size for some time. McCrory operates 748 variety stores with revenues of $918m and pre-tax operating profit of $85.1m for the year ended January 31, 1985.

Although T. G. and Y. will be operated as a separate subsidiary, Rapid-American said that the synergy between the acquired company and McCrory would raise profitability. McCrory is headed by Mr Stephen Pistner, who joined in January from Montgomery Ward, the Chicago retailer, with a mandate to generate a new strategic plan.

T. G. and Y. has undergone a substantial restructuring over the past three years with at least 170 stores with unsatisfactory profits, or in remote distribution areas, closed.

Brown Boveri to dispose of Spanish subsidiary

BY DAVID WHITE IN MADRID

BROWN BOVERI, the Swiss electrical engineering group, is selling its Spanish subsidiary in an operation which will bring its Spanish factories into the same group as those formerly owned by Westinghouse Electric of the US.

Westinghouse Electric last year transferred control of its Spanish offshoot Westinghouse (Wesa) to Arbohyl, a British-registered company devoted to taking over troubled subsidiaries of multinational enterprises.

Wesa has set up a joint company with a project management company, Equipos y Proyectos, to take over Brown Boveri de Espana, Mr Nigel Hawker, Wesa managing director, said. The price is understood to have been between $1m and $3m.

The Brown Boveri unit has factories in the Madrid region and at Sabadel, near Barcelona, and had 1984 sales of Pta 4.6bn ($29.5m). Mr Hawker said the company was in sound financial condition and had a guaranteed workload up to the end of 1987.

He added that there was "no reason to imagine" that the regrouping would imply the closure of any facilities. The Brown Boveri unit currently employs about 400 people and Wesa 2,300.

People Express to acquire Britt Airways

By Our Financial Staff

PEOPLE EXPRESS, the pioneer US cut-price airline, is to acquire Britt Airways, the third largest regional commuter carrier in the country, for undisclosed terms.

Britt serves 29 cities in the Midwest, and operates hubs at St. Louis and Chicago.

Because of the location of Britt's operations, People Express said it expects that the acquisition will feed and receive traffic to and from the People Express and Frontier Airlines systems. Frontier was itself bought by People Express earlier this year.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 8.25%.
¶ Mortgage base rate.
§ Demand dep. 8%. Mortgage 13%.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*548)	000	50	73	85	4	12	20
	050	20	43	55	18	35	40
	000	3	10	30	05	75	75
Cable & Wire (*685)	050	50	70	85	5	12	17
	600	14	38	37	18	85	50
	650	8	18	87	00	65	67
Cons. Gold (*447)	420	87	57	67	5	23	87
	460	10	30	47	30	00	07
	500	5	17	30	64	80	82
Courtaulds (*189)	140	51	55	32	1	1	1½
	100	51	35	40	1	5	5
	180	15	81	35	4	0	11
	200	5½	11	14	16	18	81
Com. Union (*227)	800	51	30	—	1½	5	—
	280	16	23	33	0	11	14
	240	0	14	23	17	25	28
	250	2	2	16	34	58	41
Distillers (*000)	460	50	20	70	5½	7	13
	500	12	57	48	17	35	32
	550	5	14	82	02	07	58
G.E.C. (*104)	140	28	34	-	1½	5	—
	150	12	20	28	4½	8	10
	180	0	12	16	30	10½	24
	200	1½	4	—	38	58	—
Grand Met. (*582)	550	75	77	27	1	3	0
	500	48	03	70	5	9	10
	390	23	52	40	18	80	20
I.C.I. (*744)	600	150	257	165	1	0	0
	050	100	107	115	2	8	10
	700	57	05	77	6	12	23
	750	18	32	42	87	37	40
Land Sec. (*297)	880	81	53	—	2	4	—
	300	2	22	28	2	13	15
	560	2	7	18	35	35	37
Marks & Sp. (*174)	140	57	43	—	1	0	—
	160	12	85	29	1	5	5
	180	2	10	12	0	15	17
	800	1½	7	10	30	35	34
Shell Trans (*658)	600	70	83	02	4	11	15
	050	28	40	25	15	27	65
	700	5	20	28	45	68	68
	750	1	2	—	90	100	—
Traf'gar Hse (*340)	650	20	34	40	3	11	10
	560	5½	25	25	25	28	51
	390	3	10	14	53	53	54
	420	1	4	8	88	25	84

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
BAT Inds (*510)	800	52	72	—	1	5½	—
	280	47	57	67	6½	7	10
	300	30	40	58	0	15	20
	330	10	20	28	22	60	56
Barclays (*474)	390	90	95	—	5	7	—
	420	52	70	22	7	12	17
	460	28	35	47	12	27	34
Brit. Aero (*462)	590	80	90	—	2	4	—
	420	50	68	87	7	15	18
	460	25	43	05	85	55	48
	500	0	80	57	63	55	02
BritTelecom (*189)	160	34	—	—	0½	—	—
	180	15	24	50	2½	6	8
	200	0	16	18	14½	15	17
	220	1½	5	10	61	61	32
Imperial Gr. (*858)	220	45	47	50	2½	4	5
	240	28	55	37	7	11	14
	260	17	22	22	10	18	18
	280	7	10	14	37	89	51
LASMO (*241)	220	35	46	50	11	16	12
	240	18	28	35	15	27	30
	260	12	19	25	30	55	40
	200	7	14	17	42	47	62
LONRHO (*199)	140	68	65	—	0½	1½	—
	160	48	44	46	0½	2	3
	180	24	27	31	3	6	0
	200	10	15½	19	0	15	10

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*445)	560	95	—	—	1½	-	—
	390	03	77	..	3	3	—
	480	40	50	60	8	16	20
	460	15	20	35	22	50	38
Racal (*156)	130	50	30	42	2½	0	8
	140	28	28	34	6	10	13
	160	12	19	30	15	18	22
	160	5	11	16	28	38	30
	200	2	—	—	40	—	—
R.T.Z. (*524)	500	43	67	77	2	15	83
	550	25	35	45	35	40	50
	600	7	18	—	77	80	—
Vaal Reefs (*658)	50	10	12½	13	3¼	0½	2½
	60	5¼	8½	10	8¼	12½	14
	70	2	4½	6	15	18½	20½
Ex 10% 1989 (*£06)	20	[illegible]	—	..	[illegible]	—	—
	02	[illegible]	—	—	[illegible]	—	—
	100	[illegible]	—	—	[illegible]	—	—
Tr. 11¾% 1991 (*£103)	102	—	1½	1½	—	[illegible]	[illegible]
	104	—	0½	[illegible]	—	[illegible]	[illegible]
	106	—	0½	[illegible]	—	[illegible]	3⅝
Tr. 11¾% 03/07 (*£110)	108	2¼	3	[illegible]	[illegible]	[illegible]	[illegible]
	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	112	[illegible]	[illegible]	1½	[illegible]	[illegible]	5½
	114	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Mar.	Calls June	Calls Sept.	Puts Mar.	Puts June	Puts Sept.
BTR (*575)	500	80	..	—	2	—	..
	530	53	60	68	6	0	13
	560	38	47	03	13	23	38
	580	19	28	35	55	40	45
Beecham (*553)	280	98	22	—	2	3	..
	500	73	80	85	3	10	14
	330	48	58	05	10	15	22
	360	24	35	42	33	22	33
Bass (*645)	600	70	90	107	12	17	82
	050	40	60	60	37	35	43
	700	15	35	43	60	65	73
De Beers (*$4.33)	420	60	70	95	20	33	40
	460	57	50	70	50	68	70
	500	18	30	—	80	87	—
GKN (*257)	240	27	53	39	0	10	14
	260	15	12	25	16	23	25
	280	0	0	..	50	55	—
Glaxo (*1548)	1550	240	265	—	10	25	—
	1400	100	225	—	10	40	—
	1450	160	175	—	86	55	—
	1500	135	145	175	45	70	95
	1550	110	125	145	80	105	115
	1500	25	100	—	115	140	—
Hanson (*195)	180	23	31	30	6	8	10
	200	14	20	26	14	15	17
	220	2	12	--	27	28	—
Jaguar (*532)	240	87	—	—	0½	—	—
	260	77	88	—	1	8	—
	280	57	62	—	4	8	—
	300	45	55	66	8	11	14
	550	23	35	45	18	23	25
	360	10	22	31	32	35	38
Thorn EMI (*597)	560	52	67	—	7	8	—
	390	50	42	57	80	25	88
	480	15	27	40	40	47	52
Tesco (*280)	240	50	05	—	1½	4	—
	260	55	40	47	7	8	11
	280	17	27	57	11	17	20
	300	7	12	32	26	22	50

Option		Calls Dec.	Calls Jan.	Calls Feb.	Calls Mar.	Puts Dec.	Puts Jan.	Puts Feb.	Puts Mar.
FT-SE Index (*1598)	1500	103	108	—	—	0½	2	—	—
	1525	—	85	—	—	—	6	—	—
	1350	33	05	75	90	1	10	18	25
	1375	26	45	60	74	2	17	27	52
	1400	8	63	47	60	7	23	30	42
	1425	2	18	32	45	30	38	49	54
	1450	2	2	20	32	65	00	67	72
	1475	1	0	11	—	80	25	90	—

December 27 Total contracts 3,493 Calls 2,842 Puts 051 *Underlying security price

WORLD STOCK MARKETS

WALL STREET

Sharp rise on higher bond market

SHARPLY HIGHER levels developed on Wall Street yesterday, responding in part to a higher Bond market.

By 1 pm the Dow Jones Industrial Average was up 16.51 to 1,543.00, recovering to its level of last Friday, while the NYSE All Common index rose $1.03 to $120.56, reducing its net loss on the holiday shortened week to $0.75. Advances led declines by an 11-to-four margin on turnover of 67.56m shares.

Traders also said an absence of sellers helped prices climb in relatively light trading two days after Christmas.

Trude Latimer of Evans and Co said the session was "very quiet." But some secondary issues which recently moved lower as investors took loses for tax reasons, were beginning to rebound.

She said there could be some "window dressing" next week as investment managers add winning stocks to their portfolios.

Union Carbide led the actives, off $¾ to $72. GAF, pursuing Carbide with a $74 a share offer, moved up $2 to $69. U.C. said it will comment on GAF Corporation's $74 a share offer when it sees the details. Carbide rejected an earlier GAF proposal.

Computer issues gained, with IBM up $1⅞ to $154⅞. Sperry $1¼ to $53¼ and Burrough $1⅛ to $63¼.

Digital Equipment put on $1⅞ to $132¼ and Cray Research $2¼ to $65. Traders said IBM res- to $65. Traders said IBM responded to some recent recommendations and the other stocks joined the bandwagon.

Oils were higher. Exxon improved ¾ to $54¼ and Amoco $1 to $62⅞.

Texaco, which has been trying to negotiate a settlement with Pennzoil, rose ¼ to $30⅞. Pennzoil, winner of an $11bn judgment against Texaco last month, declined $1⅛ to $64⅞.

Motors improved, with General Motors up $1⅛ to $77½, Ford $1¼ to $57¾ and Chrysler $⅝ to $45.

THE AMERICAN SE Market Value index rose 1.41 to 244.31. Volume 6.5m shares.

Tie Communications led the actives, up $⅜ to $6⅞.

Closing prices for North America were not available for this edition

CANADA

Investors returning from the two-day Christmas holiday pushed prices slightly higher at midsession.

The Toronto Composite index rose 5.3 to 2,879.9, Oil and Gas 7.1 to 3,264.0, and Golds 10.0 to 4,326.8.

Gulf Canada held unchanged at $20⅞—it obtained Canadian Government approval for the sale of its eastern Canadian refining and marketing assets to Ultramar.

Interlisted stocks rising with Wall Street included Northern Telecom, up $¾ at $48⅛.

Mercantile Bank lost another $1¼ to $7¼ after dropping $1⅛ on Tuesday on news of revised terms of its merger with National Bank of Canada.

TOKYO

Slightly off in generally quiet and directionless trading.

The Nikkei Dow average shed 1.41 to 13,083.18. Volume 320m (410m) shares.

Dealers said there was little interest in the market on the last full day of trading for the year. Foreigners continued to stay out of trading.

Electricals like NEC and Alps edged lower.

Issues related to domestic demand were generally off. Real Estate issues like Heiwa Real Estate were down. Constructions like Kajima also closed lower.

Electric Power issues, however, did quite well. Tokyo Electric Power closed up Y60 to 2,890.

Pharmaceuticals were mixed, as were Bookings.

HONG KONG

Most share prices rose in light trading.

The Hang Seng market indicator was up 12.83 to 1730.37. Turnover on the colony's four independent exchanges was $HK125.60 ($HK152.05m).

One broker ascribed the improvement to expectations that the market will advance ahead of the Chinese New Year in early February, when prices traditionally peak during the first quarter.

Utilities fared well.

Some Banking shares rose.

GERMANY

Demand for a handful of Blue Chips helped push share prices to record highs in a generally thin post-Christmas market.

With volume low buying orders of only moderate size pushed some shares to all-time highs. Markets were led by the Banking sector, Electrical Blue Chip Siemens, up DM 17.8 at 750, and carmaker VW, up DM 21 at 480. Deutsche Bank were DM 20.50 higher at a new record of 935.

The Commerzbank index of 60 leading shares, set at midsession, rose 29.1 to 1,937.1, its third successive record high.

The Banking sector has been outpacing the market on hopes of lower domestic interest rates. Banks have also been helped by expectations they will post record profit for the year, particularly Deutsche Bank.

Insurer Allianz strengthened DM 43 at 2,068, also a record high. Dresdner Bank added DM 22 at 437, while Commerzbank put on DM 11.50 to 346.

Daimler lost DM 17 to 1,226 on profittaking after last week's heavy gains.

PARIS

Share prices were mixed with a slightly firmer undertone in moderately active trading. Advances led declines by 110-to-62.

Observers said the dollar's steep decline on the Foreign Exchange Market caused some investors to stay on the sidelines. There was no other market-affecting news.

Banks, Portfolios and Constructions closed broadly firmer. Engineerings were on the whole disappointing.

Screg couldn't be traded due to a lack of selling orders following the announcement that Bouygues, up Frs 9 to 564, had acquired a 9 per cent stake in the construction and public works group, and had taken out an option to acquire another 17 per cent of Screg's capital.

Leroy-Somer fell to Frs 585 on disappointing earnings projections.

Foreign shares also finished mixed, with Americans mostly higher and Japanese issues lower.

MILAN

Prices ended higher on a broad front, taking the market index to a new record high of 456.76, up 4.79.

A steady demand by professional speculation and institutional investors benefited most issues.

The trend continued bullish in unofficial after-Bourse trading.

Fiat rose L170 to 5,980, boosted by expectations of highly satisfactory results for 1985, and a possible co-operation agreement with Ford in the industrial vehicles sector. It reached L6,000 in unofficial dealings.

In the Insurance sector Generali climbed L2,800 to 77,800, in response to rumours that Gemina, a holding company controlled by Fiat, is going to takeover a significant Generali stake.

State Banks faced profit-taking and ended lower, against the general trend.

SWITZERLAND

Generally firmer. Traders said that the bullish mood of the past several weeks was continuing to buoy the markets amid expectations that it is likely to post a round of new gains at the beginning of the year.

Interest in Registered shares was particularly active, a signal that domestic institutionals are currently a major support of markets. Registered shares of Swiss companies are generally limited to Swiss buyers.

A few Blue Chips were marked down, but dealers said this was primarily a question of correcting sharp gains in previous sessions.

Insurances were generally higher.

Union Bank of Switzerland bearer however fell Frs 65 to 5,130 on high supply due to its placement of about 70,000 bearer shares on the Tokyo Stock Market.

In the Foreign sector US stocks maintained Wall Street's overnight closing levels.

NEW YORK

CANADA

Stock	Dec. 24	Dec. 23
AMCA Intl	15 7/8	15 3/4
Abitibi	16 1/4	16 1/4
Agnico Eagl	21 3/8	21 1/4
Alberta Energy	16 1/2	16 1/2
Alcan Aluminium	39 1/2	39 1/2
Algoma Steel	20	20
Bank Montreal	34 1/2	34 5/8
Campbell Red L.	30 3/8	31 1/4
Can. Cement Pt.	12	11 3/4
Can. HW Energy	23 3/4	23 3/4
Can. Packers	56 1/4	36 3/8
Can. Trustco	42	49
Can. Imp. Bank	42 3/8	42 5/8
Can. Pacific	19 1/2	19 1/2
Can. Tire C.	11 1/2	11 1/2
Canfor	11	11
Dome Mines	12 5/8	19 3/4
Dome Petroleum	9.85	9.83
Domtar	88 5/8	28 1/8
Falconbridge	20 3/4	90 7/8
Fed. Inds. A	15 1/2	16 5/8
Gendis A	64 3/4	34 7/8
Censtar	6 3/4	32 5/8
Giant Y'knife	81	81
Gt. West Life	450	4.50
Loblaw	84	24
Macmil Bloedel	24 3/8	24 7/8
Marks & Spencer	15 1/8	15
Massey Ferguson	2.95	2.95
McIntyre Mines	40	40 1/2
Mitel Corpn	8 5/8	8 1/8
Molson A	12 1/8	19 1/4
Moore Corp	28 3/8	28 1/8
Nat. Bank Can.	24 7/8	24
Ranger Oil	4.70	4.55
Reed Stenh'se A	45	45 1/8
Rio Algom	82 3/4	22 1/8
Royal Bank Can.	33 3/4	33 3/4
Royal Trust A	93 1/2	83 1/4
Sceptre Res.	4.60	4.60
Seagram	56 5/8	66
Sears Can. Inc.	11 1/2	11 3/8
Shell Can. A	22 1/2	22 1/8

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

SWEDEN

HONG KONG

DENMARK

ITALY

SWITZERLAND

JAPAN

FRANCE

NETHERLANDS

SINGAPORE

AUSTRALIA

SOUTH AFRICA

Indices

NEW YORK DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL Portfolio

NEW YORK ACTIVE STOCKS

Notes—Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar weaker in thin trading

The dollar fell to its lowest level for over 2¼ years against the D-mark yesterday in very thin trading. Position squaring ahead of the year end saw the dollar marked down to a point which triggered stop loss selling. However dealers were quick to point out that there was so little volume that a moderate sized order was sufficient to alter rates substantially.

Despite a lower Federal funds rate and Thursday's addition of funds to the US money market by the Fed, the market appeared to dismiss the prospects of an *early* cut in the US discount rate. Against this background it proved to be very difficult to establish any clear trend with most corporate and other traders remaining on the sidelines until the new year.

The dollar closed at DM 2.4720, its lowest level since May 1983 and down from DM 2.5060 on Tuesday. Against the yen it fell to Y202.20 from Y202.80 and SFr 2.0875 from SFr 2.1050. It was also weaker in terms of the French franc at FFr 7.5850 from FFr 7.68. On Bank of England figures, the dollar's exchange rate index fell from 127.1 to 126.3.

Sterling finished unchanged according to the exchange rate index. Earlier gains were reversed and although it finished higher against the dollar, it lost ground to the D-mark. Its index finished unchanged at 77.9, having touched a high of 78.2. Against the dollar it rose to \$1.4375-1.4385, a rise of 1.35c but fell against the D-mark to DM 3.5550 from DM 3.57. Elsewhere it slipped to FFr 10.9075 from FFr 10.94 but was unchanged against the Swiss franc at SFr 3.00. It rose in terms of the yen to Y290.75 from Y289.0.

£ IN NEW YORK

	Dec. 27	Dec. 23
£ Spot	\$1.4400-1.4415	\$1.4205-1.4285
1 month	0.41-0.37pm	0.40-0.30pm
3 months	1.25-1.20pm	1.26-1.24pm
12 months	4.50-4.40pm	4.65-4.47pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Dec 27	Previous
8.30 am	78.0	78.1
9.00 am	78.1	n/a
10.00 am	78.1	n/a
11.00 am	78.2	n/a
Noon	78.0	77.9
1.00 pm	78.0	n/a
2.00 pm	77.8	n/a
3.00 pm	77.9	n/a
4.00 pm	77.9	n/a

DOLLAR SPOT—FORWARD AGAINST DOLLAR

1 UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.15-51.25.

CURRENCY RATES

POUND SPOT—FORWARD AGAINST POUND

Belgian rate is for convertible francs. Financial franc 51.60-51.70. Six-month forward dollar 2.53-2.46c pm. 12-month 4.60-4.45 pm.

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 8¾-8⅞ per cent; three years 9-9⅛ per cent; four years 9-9¼ per cent; five years 9¼-9⅜ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

OTHER CURRENCIES

* Selling rate.

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lire per 1,000: Belg Fr per 100.

MONEY MARKETS

UK rates very steady

Interest rates showed very little change in the London money market yesterday in view of the proximity of Christmas. While period rates were virtually the same as Tuesday's closing levels, weekend rates tended to fluctuate in reaction to a slightly larger-than-expected shortage of short-term funds. Weekend interbank money touched a high of 13 per cent at one point and touched a low of 10½ per cent.

Three-month eligible bank bills were bid at 11¼ per cent compared with 11⅛ per cent, while three-month interbank money traded at 11¹³⁄₁₆-11⅞ per cent, unchanged from Tuesday.

There was little change in the weekly Treasury bill tender with the £100m of bills on offer attracting bids of £426m compared with £422.16m the previous week. The minimum accepted bid was the same at £97.21 and bids at that level were met as to about 19 per cent. The average rate of discount fell slightly to 11.1662 per cent from 11.1807 per cent. Next week a further £100m will be on offer, replacing a similar amount of maturities.

UK clearing banks base lending rate 11½ per cent since July 30

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £260m and Exchequer transactions a further £215m. There was also a rise in the note circulation of £255m. These were partly offset by banks' balances brought forward £25m above target.

The Bank gave assistance in the morning of £273m through outright purchases of £86m of eligible bank bills in band 2 at 11⅛ per cent, £32m in band 3 at 11¼ per cent and £155m in band 4 at 11⅛ per cent.

In the afternoon the authorities gave additional help of £190m through purchases of £1m of eligible bank bills in band 1 at 11⅝ per cent, £70m in band 2 at 11⅛ per cent, £29m in band 3 at 11¼ per cent and £90m in band 4 at 11⅛ per cent. It also provided late assistance of £20m, making a total of £483m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 27)

Three months U.S. dollars		Six months U.S. dollars	
bid 8	offer 8 1/8	bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Dec. 27	Over-night	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.3-4.5	4.80-4.05	4.75-4.90	4.75-4.85	4.75-4.85	5.5
Paris	0	0.01⅛	t-1	9-9⅛	—	8¾
Zurich	27½-38½	4⅛-4⅛	—	4⅛-4⅛	—	—
Amsterdam	6⅞-5⅞	5⅞-5⅞	—	5⅞-6⅛	0⅛-5⅞	—
Tokyo	7.06875	7.86875	—	7.71875	—	—
Milan	14⅝-15	15¼-15⅝	—	14⅞-15¼	—	—
Brussels	6.60	8⅝-9⅞	—	9⅛-0⅞	8¼-9⅛	—
Dublin	8-8½	10⅝-10⅞	11½-11¾	11⅞-12½	12-12¼	—

LONDON MONEY RATES

Treasury Bills (sell): one-month 11⅛ per cent; three-month 11⅛ per cent. Bank Bills (sell): one-month 11⅛ per cent; three-month 11⅛ per cent. Treasury Bills: Average tender rate of discount 11.1662 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.812 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from December 1 1985. Bank Deposit Rates for sums at seven days' notice 0.25-0.625 per cent. Certificates of Tax Deposits (Series 5). Deposits £100,000 and over held under one month 11⅛ per cent; one-three months 11⅛ per cent; three-six months 11⅛ per cent; one-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10⅛ per cent from December 12. Deposits held under Series 5 11⅛ per cent. Deposits withdrawn for cash 7⅛ per cent.

COMMODITIES AND AGRICULTURE

Coffee prices fall back from 8-year peak

BY RICHARD MOONEY

LONDON'S COFFEE futures market yesterday suffered its first substantial setback since the recent upsurge in prices began some three months ago.

In a wave of nervous year-end book-squaring and profit-taking, speculative selling wiped out nearly £200 of the £1,100 rise which had taken values to the highest level for eight years. The March position ended the day £186 down at £2,567.50 a tonne.

Dealers' reactions to the fall varied. It was "a reaction to a reaction," said one, somewhat cryptically. A "correction" was how another described it. And a third said it was an inevitable consequence of a "top heavy" market.

But no one was prepared to identify it as the end of the bull trend which has resulted from the drought which has severely reduced Brazil's 1986-87 crop prospects.

"You can bet your bottom dollar that buyers will have to pay more in the coming months," said Mr Brian Chandler of Boustead Commodities.

No official estimate of the damage from the four months' drought has been published yet, but analysts are generally expecting the crop to be around 50 per cent down from this year's 30m bags (60 kilos each).

Mr Chandler says the damage could be worse than that caused by the great frost of 1975 and that prices can be expected to respond accordingly.

The immediate market impact of that drought, which cut the crop from 27.5m bags to around 10m, has already been matched but if its full scale is to be emulated the market has some way to go.

The frost of July 1975 naturally had a more quick acting effect on prices than this year's drought and within a few days prices had risen from under £500 a tonne to £855. But it took more than 18 months for the full weight of the disaster to make itself felt and in March 1977 the price peaked at £4,232 a tonne.

Few dealers expect that experience to be repeated this time but Mr Chandler is not alone in feeling that the bull trend still has some mileage in it.

Yesterday's fall may have been encouraged by the Colombian President's call for export quota restrictions under the International Coffee Agreement to be lifted before their suspension is triggered automatically—which will happen if prices stay anywhere near current levels until mid-February.

But most traders believe the suspension of quotas is already taken for granted and will not have any sustained price impact.

Deer and trees in territorial conflict

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

SCOTLAND'S fast-growing wild deer population is coming into conflict with the hopes of timber growers to open new areas of land for afforestation.

The land needed by wild red deer for their winter grazing is often the land the Forestry Commission or private growers want for plantation. They have also to contend with the interests of large estates which rely on the income from hunters, who are prepared to pay up to £1,000 to shoot a large stag.

Most of Britain's wild deer live in Scotland. The Red Deer Commission in Inverness estimates numbers at around 250,000 and damage to land use and forestry has increased as estate owners have eased up on the number of animals culled each year.

A fall in the number of stags through hunting has meant that the 500 estates which rely on deer for their income have maintained their hinds to restore the number of stags.

The commission argues this is counter-productive as the young stags are often driven off by the large stags during the rut or chased away by the hinds. They move to new areas where they become pests to farmers and foresters.

The deer can do considerable damage to woodland. They not only eat young sprouting conifers but weaken larger trees by stripping off the bark.

Mr Norman McCulloch, secretary of the Red Deer Commission explains that his organisation would like to keep the right balance of deer to land based on the areas the animals need for winter feeding.

One line of research underway would be to keep some areas specifically for deer and other for forests. This would require the support, or at least agreement of the Forestry Commission as well as land owners in areas designated for woodland whose herds might need to be killed off.

Meanwhile the number of farmed deer in Britain continues to rise. The population in Scotland is now 4,500 with farmers estimating the same amount in the south.

According to one farmer 22 new deer farms were formed last year. This type of farming forms an attractive alternative for grass farmers moving out of dairy production under the EEC scheme to reduce milk production.

Prime farmed deer usually sells at about £1.50 a pound compared with £1 a pound for beef. Deer farmers find their product is gaining wider acceptance as stability of quality and supply can now be assured.

Waitrose supermarket chain in England now distributes farmed venison and other groups are said to be looking at the proposal.

Controversy continues in the deer market with the estates selling their wild venison angrily refuting the claims of the lowland deer farmers.

The wild deer sellers have relied greatly on the hunting lore surrounding game food but their marketing has always had the problem that buyers cannot be sure of the age and condition of a carcase.

Indian jute demand stronger

By P. C. Mahanti in Calcutta

REVIVED EXPORT demand together with a strong domestic market due to the onset of the khariff (winter crop) season have provided relief to the hard pressed Indian jute industry which only a few weeks ago was unable to sell even the limited supplies being produced at much reduced rates of capacity utilisation.

In response to improved demand for goods, mill output in November totalled 114,000 tonnes compared with 103,000 tonnes in October and only 100,000 tonnes in the corresponding month a year ago.

Despite higher production stocks fell to 61,040 tonnes at the end of November from 62,600 tonnes in October and 100,000 tonnes in November last year.

The revived export demand, according to traders, has come from a number of countries, especially the US and the Soviet Union, the two major buyers.

Japan announces aid for copper and zinc mines

JAPAN WILL extend Y12.5bn (£43m) in loans to 16 domestic copper and zinc mines in 1986-87 (starting April 1) to help them maintain operations when non-ferrous metal prices are low, industry ministry officials said, reports Reuter from Tokyo.

The Ministry will lend Y5bn in the second half of 1985-86 from a fund created to time mines over price dips below ministry supports of Y434,000 per tonne for electrolytic copper and Y228,000 for electrolytic zinc.

At present, electrolytic copper is Y330,000 per tonne against Y380,000 in early September before the yen firmed against the US dollar and electrolytic zinc prices have fallen to Y171,000 from Y250,000.

● Japan's aluminium smelting industry will launch a new round of primary aluminium production cuts next year in the face of high electricity costs, low domestic prices and the approaching end of import duties on special primary aluminium imports, industry officials said.

The moves were heralded by a Showa Aluminum Industries announcement that it will stop smelting next March 15 at its Chiba plant near Tokyo which is currently operating at about 60 per cent of its 32,000-tonne annual output capacity.

The Showa decision highlights the industry's difficulty in competing with cheap imports at a time of large losses caused by high electricity costs, the officials said.

Showa Aluminum and four other smelting firms, Nippon Light Metal Company, Sumitomo Aluminum Smelting Company, Mitsui Aluminum Kogyo and Ryoka Keikinzoku, recorded cumulative deficits totalling Y106bn in the financial year ending last March 31.

This figure will probably rise to Y120bn in 1985-86, the official said.

WEEKLY PRICE CHANGES

SILVER

Silver was fixed 2p an ounce lower for spot delivery in the London bullion market yesterday at 402.9p.

COCOA

COFFEE

US MARKETS

NEW YORK, Dec. 27.

Dollar weakness and oil price strength encouraged speculative buying in precious metals. Copper lost ground in thin trading conditions. Coffee moved to limit-down following long liquidations and year-end profit-taking. Cocoa remained steady with little fundamental news to influence the market. Sugar found support on chart-inspired buying. Cotton attracted technical buying following yesterday's late session advance. Heating oil continued to strengthen on the combination of persistent low stocks and the outlook for continued below normal temperatures in the north-eastern US in the next few weeks. Soyabeans, despite potentially bullish Brazilian soyabean crop estimate technical considerations following a failure to breach important resistance levels encouraged considerable selling.

NEW YORK

ALUMINIUM 40,000 lb; cents/lb

	Close	High	Low	Prev
Dec	51.25	51.25	51.05	51.10
Jan	51.40	—	—	51.25
Feb	51.70	—	—	51.65
March	52.05	52.20	51.90	51.80
May	52.65	52.75	52.60	52.40
July	53.25	—	—	53.00

CHICAGO

SUGAR

FREIGHT FUTURES

GRAINS

GOLD

POTATOES

SOYABEAN MEAL

OIL

MEAT

LONDON STOCK EXCHANGE

MARKET REPORT

Beecham lead equities higher in trade limited by extended holiday

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 27
Jan 13	Jan 23	Jan 24	Feb 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

With most investment houses either shut down or operating on a skeleton staff, the first post-Christmas trading session in London stock markets was a lack-lustre affair. Many traders had foreseen the non-eventful return from the holiday and they too extended their Christmas break. The outcome was that turnover for the whole day amounted to little more than the volume recorded on Tuesday when the market was open for a limited period only.

Nevertheless the main equity indices all made fresh improvements with the FT Ordinary share index rising 7.1 to close at 1,123.3. The FT-SE 100-share ended 7.4 higher at 1,398.9.

Constituent Beecham made an above-average contribution to the gain following another burst of speculation about a bid from either Unilever or a major US group. Beecham closed 15 up at the day's highest of 363p. P & O were also favoured after good publicity on Monday's acquisition of a sizable stake in European Ferries at a relatively low cost.

International stocks were unaffected by the dollar's widespread dullness against other leading currencies. Although sterling improved only marginally, the upward movement was enough to prompt support of Government securities. Longer maturities gained ¼ and sometimes more, partly reflecting the addition of accrued interest, while the shorts hardened ⅛ or so. The reduction in the Japanese long-term discount rate revived hopes of a similar move soon by the US Federal Reserve Board.

While conventional Gilt-edged stocks progressed, index-linked issues gave more ground influenced by further predictions of a lower rate of inflation next year.

Clearers better

Quietly firm conditions prevailed among the clearing banks. Midland added 9 at 444p as did Barclays, at 474p, and Lloyds, at 484p. NatWest rose 7 at 684p. Elsewhere, West Germany's largest bank Deutsche continued to soar, rising 6½ points more to a record £262½ as investors further supported the shares in the wake of its acquisition of the Flick Industrial group; the shares were trading around the £190 level at the beginning of the month prior to the Flick purchase.

Among recently-issued equities, fire protection group SPP, in which RHP recently acquired a 12.6 per cent stake, hardened 2 to 155p.

The drinks sector highlighted Distillers which advanced 12 to 500p, after 503p, amid hopes that the unwelcome offer from Argyll Group will escape a reference to the Monopolies Commission; the latter also attracted fresh demand to finish 10 to the good at 355p. Breweries made progress, albeit in subdued trading. Guinness rose 7 to 301p on talk of a broker's upgraded profits forecast, while similar rises were noted in Whitbread A, 250, and Bass, 645p.

Leading Buildings attracted selected buying interest. Blue Circle edged forward 3 to 573p and BPB Industries firmed 5 to 3?4p, while Barratt Developments put on 4 to 126p, the last-named following a New Year's investment recommendation. Taylor Woodrow were also firm, at 482p, up 5, but Costain slipped 4 to 478p and John Laing softened a couple of pence to 324p. Secondary issues were featured by Attwoods which gained 8 to 119p on speculative buying. Western Brothers added 3 to 66p, while Tilbury Group improved 2 to 150p on news that Border and Southern had increased its stake to 9.13 per cent.

ICI rose 15 to 747p helped by transatlantic influences. Elsewhere in the Chemical sector, British Benzol attracted further demand on "shell" operation hopes and gained 5 to 60p.

Goldsmiths good

Leading Stores displayed little sign of seasonal support, most being content to hover around the pre-holiday positions. Burton hardened a few pence to 545p, while Dixons, interim figures scheduled for January 15, added a like amount to 895p. Elsewhere, "call" option business aided Lee Cooper, finally 7 dearer at 135p, while news that Swinton Services has acquired just over 8 per cent of the equity lifted Goldsmiths 6 to 176p.

Electronic Machine, having risen 8 on Christmas Eve, advanced a further 8 to 60p in response to renewed speculative buying; the fresh improvement prompted the Board to state that they knew of no reason for the sharp movement in the shares. Elsewhere in Electricals, Kode International reflected recovery hopes with a gain of 3 at 113p after 120p, while BSR added 3 at 63p for the same reason. Tunstall Telecom added 10 to 230p, while Apricot Computer, 72p, and Humberside, 12p, rose 2 apiece. Logica, however, cheapened 2 more to 127p on further consideration of Tuesday's surprise announcement that Electronic Data System's bid proposal had been withdrawn. Among the quietly firm leaders, BICC gained 6 at 241p and Cable and Wireless appreciated 10 to 595p. British Telecom closed the turn dearer at 189p; the group yesterday announced the installation of the most advanced optical fibre communications link in its system.

A Press report that the European aerospace consortium will improve its rival offer to the Sikorsky/Fiat proposal coupled with news of the order from India for 21 helicopters enlivened interest in Westland which moved ahead to close around the day's best with a rise of 11 at 88p. Elsewhere in the Engineering sector, Wadkin attracted occasional support at 120p, up 8, while Noble and Lund, a recent speculative favourite, edged up a couple of pence to 64p. Pegler-Hattersley improved 5 to 334p. Leading issues were inclined harder in quiet trading.

Foods displayed several noteworthy gains. Recently-overlooked Unigate were outstanding and closed 8 higher at 217p, while Tate and Lyle rose 5 to 533p. Albert Fisher, still responding to US acquisition news, firmed 4 more to a 1985 peak of 151p.

Reuters improve afresh

With the exception of Beecham, leading miscellaneous industrials rarely strayed from previous closing levels. Elsewhere, Reuters featured a further gain of 16 at 351p in reply to renewed US buying. Highgate and Job jumped 33 to 123p in belated response to news of Jerisle Investment's 13.4 per cent stake in the company. Support continued for Unigroup which put on 6 more to 120p, while Parkfield Group were noteworthy for a fresh gain of 5 at 232p. J. Bibby edged up 5 to 232p and F. H. Tomkins 3 to 224p, while G. W. Sparrow hardened a penny to 75p following the announcement that BET had declared its offer for the company unconditional.

Among Leisure issues, Barr and Wallace Arnold Trust A edged up a penny to 143p on vague takeover rumours, while Campari found support and firmed 2 to 33p. USM-quoted Miss World improved 3 to 160p.

Properties attracted light support. MEPC were noteworthy for a gain of 5 at 293p, while Land Securities firmed 3 to 297p. Great Portland Estates were a couple of pence dearer at 160p, while Stockley, in which European Ferries holds a sizeable stake, added a penny to 70p. Elsewhere, Abaco responded to fresh buying interest and touched 34p prior to closing 3 higher at 33p. USM-quoted Sheraton Securities firmed ½ to 23½p, while Phoenix Property improved 2 to 57p following acquisition news.

P and O Deferred, still reflecting comment on its purchase of a near-21 per cent stake in European Ferries, rose 7 more to 445p. Ocean Transport advanced 6 to 188p in sympathy.

A couple of firm spots emerged in otherwise idle Textiles. John Crowther attracted occasional support and finished 4 to the good at 84p, while sporadic interest was also noted for Yorklyde, 12 higher at 220p.

Britannia Arrow hardened 3 to 143p following news that the concert party headed by Mr Robert Maxwell and Mr David Stevens now controls 19.43 per cent of the equity. Original suitor Guinness Peat, a penny dearer at 70p, has lifted its holding in Britannia to 28.6 per cent.

Events in the oil sector were confined to minor routine deals. BP eased a few pence to 547p, as did IC Gas, 295p and Shell, 658p. Petranol, a dull market in the past couple of weeks following the abortive merger with Berkeley Exploration, picked up 5 to 110p.

Golds drift

Some of the day's best gains were seen among Plantations where Far-Eastern influences helped Consolidated Plantations to rise 10 to 68p and Harrisons Malaysian Plantations jump 8 to 88. Kuala Lumpur Kepong ended 5 dearer at 50p.

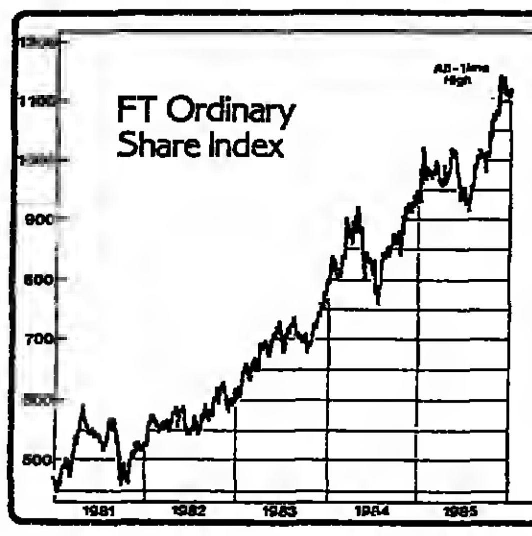
Widespread publicity given to the tribal unrest in South Africa over the past few days proved a major deterrent to interest in the South African mining sector. Gold shares opened around Tuesday's closing levels but gradually eased back reflecting the initial rise in sterling against the dollar. Trading in bullion proved a dull affair and the metal price moved narrowly either side of $325 an ounce before improving late to close $2 up at $327.

A further 3.2 fall to 239.8 in the Gold Mines index owed more to currency trends than actual trading but the decline extended the fall over the past four trading sessions to one of 23.6.

In the Gold sector the heavyweights generally posted losses ranging to ¼, as in Southvaal, £19¼, and Western Deep, £19½, while the cheaper priced stocks showed falls of around 10 common to East Rand Proprietary, 315p Consolidated Modderfontein, 245p and Welkom, 358p.

London-domiciled Financials were marked a few pence easier where changed.

Gains in overnight Sydney and Melbourne markets were nullified by a firm sterling/Australian dollar rate and most down-under issues tended to mark time.



NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (25)

BRITISH FUNDS (1) Exchqr. 2½pc 19??. BANKS (5) Banco de Bilbao, Banco de Santander, Barclays, Comm. Bank of Wales, Deutsche Bank. BUILDINGS (1) Tilbury. CHEMICALS (3) BASF AG, Bayer AG, Sns BPD. ENGINEERING (3) Noble & Lund, Pegler-Hattersley, SKF. FOODS (2) BSN, Fisher (A.). HOTELS (1) Grand Hotels. INDUSTRIALS (2) AGA AB, Reckitt & Colman. INSURANCE (1) Allianz AG. PAPER (1) Saatchi & Saatchi. PROPERTY (1) Abaco Invs. TRUSTS (3) Hill (Ph.) Inv., Jove Inv. Inc., Tor Inv. Cap. TEXTILES (1) Yorklyde.

NEW LOWS (14)

BRITISH FUNDS (4) Treas. 2½pc IL 2009, Treas. 2½pc IL 2013, Treas. 2½pc IL 2016, Treas. 2½pc IL 2020. AMERICANS (1) US Steel. CANADIANS (1) Breakwater Resources. STORES (1) Bambers (Wm.). INDUSTRIALS (2) Bestwak, Grovebell. MINES (5) President Brand, President Steyn, Western Hldgs., Kitchener Mining, Greenwich Resources.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Abaco Invs	33	+ 3	Electronic Machine	60	+ 2
Attwoods	119	+ 8	Kode Intl	113	+ 3
Beecham	363	+15	MEPC	293	+ 5
Britannia Arrow	143	+ 3	Ocean Transport	186	+ 8
British Benzol	60	+ 5	Reuters B	351	+12
Distillers	500	+12	Unigroup	120	+ 6

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Tues. close	Day's change	Stock	No. of changes	Tues. close	Day's change
Beecham	12	348	+ 2	Distillers	9	436	+ 5
Unigroup	11	114	+10	Fisher (A.)	8	147	+ 2
BAT Inds	9	315	+ 9	P & O Dfd	8	438	+10
Brit. Arrow	9	140	− 1	STC	8	94	—
Logica	9	129	− 9	Boots	7	259	+ 1
Bass	8	640	+ 5	ICI	7	732	—

3-DAY ACTIVE STOCKS

Based on bargains over the three-day period ending Tuesday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Beecham	63	348	+15	Brit. Home Stts	44	334	− 2
Lucas Inds	53	403	+23	Lasmo Intl	43	203	−27
Lasmo	48	240	+10	Metal Closures	42	147	− 1
Grand Met	46	403	+10	Boots	40	259	—
ICI	45	732	− 9	Marks & Spen	40	174	− 3
Utd Biscuits	45	239	+ 2	Distillers	39	438	+13

FINANCIAL TIMES STOCK INDICES

	Dec. 27	Dec. 24	Dec. 23	Dec. 20	Dec. 19	Dec. 18	year ago
Government Secs	83.00	82.83	82.94	82.85	82.25	82.70	81.62
Fixed Interest	86.92	86.86	86.86	86.76	86.72	86.68	85.54
Ordinary ⊕	1123.3	1116.2	1113.6	1108.6	1114.3	1104.6	945.2
Gold Mines	239.8	243.0	244.8	254.4	256.4	250.1	474.1
Ord. Div. Yield	4.41	4.44	4.46	4.48	4.46	4.50	4.56
Earnings, Yld. % (full)	10.97	11.05	11.08	11.15	11.08	11.16	11.60
P/E Ratio (net) (*)	11.25	11.17	11.13	11.07	11.14	11.04	10.35
Total bargains (Est.)	9,222	10,201	23,966	22,845	20,213	20,780	14,111
Equity turnover £m.	—	233.71	494.20	566.33	476.37	411.63	188.38
Equity bargains	—	7,734	17,694	23,037	19,323	17,314	14,810
Shares traded (ml)	—	106.5	236.4	308.0	237.8	224.1	115.0

⊕ 10 am 1119.0. 11 am 1119.2. Noon 1121.8. 1 pm 1121.8. 2 pm 1122.2. 3 pm 1122.2. 4 pm 1122.5.

Day's High 1123.3. Day's Low 1112.0.

Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.53.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (16/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.98 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1146.8 (25/11)	911.0 (9/12)	1146.8 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.8 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Dec. 24	Dec. 23
Daily Gilt Edged Bargains	80.7	103.5
Equities Bargains	90.5	116.6
Equities Value	452.0	698.9
5 day Average Gilt Edged Bargains	90.3	112.6
Equities Bargains	111.1	124.6
Equities Value	878.1	980.0

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6

For rate indications see end of Unit Trust Service

Call options were taken out in Lonrho, Lee Cooper, Unigroup, Clyde Petroleum, Westland, Shaw Carpets, New Court Natural Resources, Bristol Oil and Minerals and TR Energy. A put was transacted in Electronic Machine, but no doubles were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Tuesday, December 24, 1985.

Motors	+42.36	Food Retailing	+17.91
Metals and Metal Forming	+42.95	Food Manufacturing	+17.28
Shipping and Transport	+37.74	Mechanical Engineering	+15.22
Brewers and Distillers	+36.35	Other Groups	+14.75
Stores	+36.34	Industrial Group	+14.72
Insurance (Life)	+33.78	All-Share Index	+13.55
Office Equipment	+31.87	500-Share Index	+13.48
Insurance (Composite)	+28.59	Investment Trusts	+12.45
Textiles	+27.08	Insurance Brokers	+11.68
Merchant Banks	+26.27	Leisure	+ 8.10
Newspapers, Publishing	+24.90	Oils	+ 4.91
Packaging and Paper	+24.58	Property	+ 3.56
Telephone Networks	+23.73	Chemicals	+ 0.53
Contracting, Construction	+23.56	Capital Goods	+ 1.58
Consumer Group	+22.52	Tobaccos	− 0.21
Building Materials	+22.32	Electricals	− 6.35
Banks	+20.94	Overseas Traders	− 5.88
Health and H'sehold Products	+18.91	Mining Finance	−10.45
Other Industrial Materials	+18.50	Electronics	−28.29
Financial Group	+18.09	Gold Mines Index	−48.26

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	76	8	25	147	87	133
Corpns. Dom. and Foreign Bonds	5	12	65	24	22	200
Industrials	201	99	1,198	729	395	3,370
Financial and Props.	48	22	499	184	129	1,388
Oils	11	8	108	50	39	292
Plantations	4	0	14	8	6	40
Mines	4	35	141	43	130	361
Others	31	82	136	105	205	406
Totals	378	266	2,176	1,296	973	6,190
Totals	378	266	2,176	1,296	973	6,190

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
120	F.P.	15/1	213	195	Abbott Mead Vickers	200	......	bg2.8	3.5	2.0	20.6
135	F.P.	3/1	188	181	Ashley Laura! 5p	182	......	bg1.88	3.1	1.5	31.1
§110	F.P.	—	120	115	Barham Group 2½p	117	−1	12.0	3.8	2.4	25.5
327	300	—	307	287	Cable & Wireless 50p	307	+2	F3.5	2.8	4.4	8.7
§63	F.P.	—	70	66	♣Chancery Securities	68	......	bg2.2	8.5	4.6	10.7
§66	F.P.	10/1	87	86	♣Chart. Foulks Lynch	86	......	bg3.0	1.9	5.0	15.0
§110	F.P.	18/12	134	120	♣Cheshire W'foods 5p	128	+1	bg3.65	2.0	4.3	16.3
100	F.P.	—	130	127	Chetwynd Streets 5p	129	......	b2.13	3.5	5.5	17.5
§85	F.P.	17/1	100	97	♣Granswick Mill 10p	97	......	bg5.37	2.2	7.8	8.3
§74	F.P.	8/1	86	71	♣Crusts 5p	80	......	bg0.7	6.6	1.2	6.8
§128	F.P.	10/1	135	130	♣Dialene	135	+2	u4.0	2.5	5.2	9.9
100	50	06/2	49½	49	German Sec. Inv. £1	40	......	—	—	—	—
§56	F.P.	—	63	56½	♣Granyte Surface 10p	63	......	b2.1	8.6	4.6	11.4
§57	F.P.	11/18	67	60	♣Hampden Home 10p	63	......	bg1.5	8.8	3.4	15.2
§160	F.P.	13/1	250	170	♣J S Pathology 10p	230	......	bg3.5	2.7	2.2	24.0
§100	F.P.	—	125	120	♣Jacques Vert 10p	123	......	bg5.5	1.9	6.4	11.5
115	F.P.	—	128	117	Lexicon Inc. $0.01	117	......	uQ5.45	3.8	2.0	15.3
115	F.P.	—	127	102	Manvale Moore 5p	123	......	b2.5	4.0	0.9	32.1
§160	F.P.	20/12	168	166	♣Millward Brown	167	......	bg2.5	3.5	0.1	13.2
167	F.P.	—	81	79	♣Monks & Crane 10p	81	......	bg2.7	8.7	4.8	11.1
§80	F.P.	—	104	87	♣Norank Systems 5p	97	−3	bg3.0	2.4	4.4	13.6
100	F.P.	—	117	106	SAC Intnl. 10p	116	+1	b1.5	3.8	1.8	20.0
125	F.P.	19/12	155	128	SPP 10p	155	−2	bg4.75	3.5	4.4	14.1
§175	F.P.	28/11	180	168	♣Shandwick 2p	175	+5	u3.68	0.2	3.0	21.7
§97	F.P.	10/1	106	100	♣Snowdon & Bridge	100	......	bg2.75	3.0	3.9	12.1
§57	F.P.	6/1	74	65	♣Starling Publish'g 5p	69	......	b9.0	1.8	4.1	15.2
§118	F.P.	20/12	129	118	♣TMD Advertising 5p	130	......	bg1.65	3.3	0.0	21.7
§130	F.P.	10/1	200	167	♣Tech. Compt. Ines	105	......	bg3.0	2.6	0.0	24.8
§90	F.P.	—	103	85	♣W Yorks. Ind. Hos. 50p	85	......	g4.0	1.6	6.7	11.5
§196	F.P.	20/12	175	148	♣World of Leather	150	......	bg2.5	3.0	0.2	21.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
97.203	£25	4/4	24½	24	Allied Lon. Props. 10⅞% 1st Mort. Deb. 2025	24	......
§100	F.P.	30/1	100⅛	98½	Bristol Water 11.2% Red. Deb. 2005-09	98½	......
**	F.P.	—	101	101	Brit. Assets 6% Uns. Ln. 1985	101	......
¶¶	F.P.	31/1	108	105	Bunzl 7% Cnv. Uns. Ln. 1989/97	106	+1
§100	F.P.	30/1	100⅛	92½	East Anglian Water 11.5% Rd. Db. 1995-97	93¾	......
§100	F.P.	30/1	100⅛	92½	Essex Water 11.5% Red. Deb. 1995-97	98¾	......
§100	F.P.	30/1	100⅛	99½	Do. 11.2% Red. Deb. 2005-09	99½	......
£98.707	F.P.	—	98½	88½	Ests. & Agency 11⅞% 1st Mort. Db. 2020	88½	......
£19	Nil	—	250pm	100pm	Intl. Inv. Tst. Jersey Units*	100pm	......
—	F.P.	—	99⅞	99⅞	Nationwide Bldg. Soc. 11⅞% 15/18/86	99⅞	−⅛
§99.515	£40	26/2	40¾	38⅛	Rosehaugh Greycoat 11⅝% 1st Ml Db 2014	39¾	......
§98.706	£40	—	40¼	40	T. T. Finance 11⅞% Gtd. Deb. 2016	40	......
‖	F.P.	30/1	76p	62p	Tozer Kemsley 8½% Cnv. Cum. Prf. 00p	62p	......
95.543	F.P.	6/11	85½	84¼	Whitbread Inv. 7%-12% Step. Int. Db. '10	84¾	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
$A3.75	Nil	—	32pm	27pm	ANZ $A1	27pm	......
110	Nil	—	11pm	5pm	Barham Group 2½p	8pm	......
8½	F.P.	10/1	12	9¾	Barker & Dobson 1p	12	......
280	F.P.	20/1	364	333	Bostwood 15p	348	−2
145	F.P.	17/1	185	168	Bodycote Int'l.	170	......
270	F.P.	9/1	330	310	Countryside Props	312	+2
130	F.P.	8/1	167	157	Crown House	161	......
94	F.P.	24/1	112	107	♣Dencora	112	......
68	Nil	—	3pm	½pm	Hartwells	1pm	......
120	Nil	—	6pm	2pm	♣Ind. Scot. Energy £1	2pm	......
30	F.P.	10/1	35	31	Leisure Inv.	34	......
260	Nil	—	34pm	32pm	Lovell (Y. J.)	34pm	+2
365	F.P.	10/1	486	415	Lucas Inds. £1	486	+4
475	Nil	—	75pm	45pm	Mountleigh	45pm	......
82	F.P.	10/1	36	32	Readicut 5p	32½	......
260	F.P.	24/1	450	335	Rogahan Props	335	......
240	F.P.	20/1	285	268	Samuelson Grp. 20p	268	......
165	Nil	—	7pm	3pm	Smith Bros.	5pm	+2
187	F.P.	8/1	234	211	Wedgwood	233	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. t Indicated dividends: cover relates to previous dividend: P/E ratio based on latest annual earnings. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♣ Dealt in under Rule 535 (4) (a). † Units comprising five ordinary and one warrant. * Units comprising 12 preference shares and one warrant.

CONTRACTS

Alvis £15m Army deal

ALVIS has won a contract worth £15m to develop and manufacture a package of training aids to support the introduction of the British Army's new Warrior (MCV 80) infantry fighting vehicle. The contract has been won by a consortium made up of Alvis, as the prime contractor, Invertron Simulated Systems and Rediffusion Simulation.

Warrior is a mechanised infantry fighting vehicle mounting a 30 mm two-man turret. The training aids are an integrated package for training vehicle crews and associated maintenance and repair technicians.

The gunnery training systems will be developed jointly by Alvis and Invertron and include both computer generated imagery and computer synthesised imagery techniques, to provide scenes and targets to be engaged by the trainee gunners. Various types of gunnery simulators, from desk top to platoon trainers, will be used. Gunnery training is particularly important as this is the first time a principal British Army infantry carrier has mounted a large calibre cannon.

★

Holdene, Leeds computer systems company, has signed a deal with HEWLETT-PACKARD worth £4.5m. The contract calls for Holdene, a major HP distributor, to purchase over the next year £1m-worth of HP's drafting plotters and £3.5m-worth of HP's personal computers and peripherals, including the Vectra PC which is IBM PC/AT compatible and the LaserJet printer.

★

Three separate hospital cleaning contracts, worth around £3m, have been awarded to INITIAL SERVICE CLEANERS. The largest has been placed by Pontefract Health Authority for the general cleaning of five hospitals and 10 clinics and health centres. Over the three years that the contract will run, the health authority estimate that they will benefit from savings of just over £1m. The other contracts are for Saffron Walden Hospital in Essex and Castle Hill Hospital, North Humberside.

★

STADCO, part of Hall Engineering, has won an automotive press-working contract worth £3m in 1986 from Saab Scania of Sweden. The contract includes a range of steel pressings varying in size up to a rear floor panel for the Saab 900 car.

★

AMES CROSTA BABCOCK—a Babcock International company—has won a £2.5m water treatment turnkey contract for the construction of a water treatment plant plus refurbishment of existing plant at Rushall weir treatment works, near Norwich, for Anglian Water. Present capacity of the works is 6,900 cu metres/day. When the new works is completed the capacity will have been increased to 10,740 cu metres/day. The construction period for the new plant is 82 weeks followed by a 58-week period for the refurbishment works.

★

Lockheed Missiles and Space Co. Sunnyvale, California, has ordered a $9m (£6.1m) SPERRY 1100/92. The system will be used for large scientific applications involved in aerospace and defence related activities. The 1100/90 computers are the largest and most powerful mainframes currently manufactured by Sperry.

S E DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—K

[illegible]

L—M

[illegible]

N—P

[illegible]

Q—R—S

[illegible]

T—V

[illegible]

W—Y—Z

[illegible]

مكتبة الأمل

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 12.00 pm on Tuesday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Tuesday's Official List, the latest recorded business in the two previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-members or executed in overseas markets.

Wentworth Mitchell Textorial 7½pcLn 1994-99 £5) (23/12)
Williams Hldgs 10½pcPf (£1) 116½ (23/12). 5pcCnvPf (£1) 163 (23/12)
[illegible] Prods (10p) 285 8 90 (23/12)
Woolworth Hldgs 14pcLn 1987-89 £104¾ [illegible] 5pcCnvLn 2000 £128
York Trailer Hldgs 10pcPf (£1) 107‡ (23/12)

FINANCIAL TRUSTS

Alfred Smithers (Letters Drd) 545. Do Letters CnP.. 515 (23/12)
Armour Tst 10½pcLn 1991-96 £75
Australian Agric (50.50) 230 (23/12)
Baillie Gifford Tech Wts sub Ord 26 (20/12)
Berkeley Tech (50.05) 105 8
Britannia Arrow Hldgs Wts Sub Ord 39 40 (23/12). 6¼pcPf (£1) 61 (23/12). 9pcCnvLn 1995-2000 £138 9
Continental Assets Tst (75p) (PtlyPd) 40½ 9 (23/12). Wts sub Ord 30 (23/12)
Exploration (5p) 64 7 (23/12)
F C Enterprise Tst Ser B Wts sub Ord 4 (20/12)
First National Fin Cpn 9½pcLn 1992 £89 (20/12)
First National Secs (Hldgs) 12½pcCnvLn 1987 £452 (23/12)
Inchcape 8pcLn 1987-90 £88 90¼ (23/12). 12½pcLn 1993-90 £107 (23/12)
International City Hldgs 180. New 175 00
Interml Inv Tst Jersey Units (Nil Pd) 80 60 5 75 100 (23/12)
London European Gp 10½pcLn 1993 £83 (20/12)
Murray Ventures Wts sub Ord 48 (20/12)
Pacific Invst Tst 80½. Wts sub Ord 16½ 7 ½ (23/12)
Rothschild (J.) Hldgs Wts sub Ord 37
Stock Exchange 7½pcDb 1990-95 £77¼ (23/12)
Transcontinental Services Gp Wts sub Shs 106 (20/12)
Westpool Invst Tst 5pcCnvLn 1989-94 £119⊕
Yule Catto 11½pcPf 1998-2003 (£1) 123¼ 41 (20/12)

INSURANCE

Commercial Union 5pcPf 1989-2009 (£1) 46½
General Acc Fire Life Assc Cpn 7¾pcLn 1987-92 £80½. 7¾pcLn 1992-97 £79
Guardian Royal Exch 7pcPf (£1) 74 (20/12). 7pcLn 1986-91 £81½ (20/12)
Pearl 6pcPf (£1) 70 (20/12)

INVESTMENT TRUSTS

Alliance Tst 4¼pc £37½ (20/12). 5pcPf £42
American Tst 5pcPf £45 (20/12)
Anglo-American Secs Cpn 4½pcPf £38 (20/12)
Ashdown Invst Tst 5pcDb 1985-90 £79½‡ (20/12)
Asset Special Situations Tst Wts sub Ord 46 ½ 7‡ (20/12)
Baillie Gifford Japan Tst Wts sub Ord 174 (23/12)
Bankers Invst Tst 3.5pcPf £44½ (20/12)
British Assets Tst A 5pcPf £43½ (23/12)
C.S.C. Invst Tst 150 (23/12)
Danae Invst Tst Wts Sub 1 Inc 1 Cap 19 [illegible] (10p) 115 (23/12)
Drayton Consld Trst 4½pcDb £35
Drayton Premier Inv Trst 7½pcLn (1993) £3‡5 (20/12)
Edinburgh Amer Assets Trst 5½pcDb (1985 [illegible]) £20½ (20/12)
Edinburgh Fin Trst Wts 11
[illegible] Trst 10½pcDb (2014) £96¾ (23/12)
Eng Scot Invs 0 75 (20/12)
F&C Alliance Inv 6pcPrf £52 (20/12)
F&C Eurotrst 3½pcLn (1996) £153
F&C Pacific Inv Trst Wts 3‡½ (23/12)
Fledgeling Japan Inv Wts 101½ (23/12)
Fleming Far Eastern Inv Trst 4½pcPrf (£1) 40 (20/12)
Fleming Mercantile Inv Trst 4½pcDb £33¼ (20/12)
Fleming Univ Inv Trst 5pcPrf (£1) 45 (20/12)
Foreign Col Inv Trst 5pcPrf (£1) 44½‡ 5‡ (20/12). 7pcLn 1988-94 £77 (23/12)
German Secs Inv Trst (£1) 38⊕
German Smaller Co Inv Trst Wts 41
Globe Inv Trst 11½pcLn 1990-95 £2‡1
Hill (P) Inv Trst 5¼pcPrf (£1) 48 (20/12)
Inv Trst Guernsey (50p) 136 7 (23/12)
Lake View Inv Trst 5pcDb 1985-90 £80½ (20/12)
Ldn Gartmore Inv Trst 9½pcDb 1991-90 £82 (20/12)
Ldn St Lawrence Inv (5p) 58 (20/12)
New Tokyo Inv Trst Wts 94 (23/12)
New Darien Oil Trst Wts 16
Nthrn Inds Imprv Trst (£1) 210‡ 20‡ (20/12)
Plantation Trst 7½pcLn (2000) £76 (23/12)
River Plate Gen Inv Trst Wts 83 (20/12)
Scot Inv Trst 4.55pcAPrf £59 (20/12)
Secs Trst Scot 7pcDb 1988-93 £79
Scot Eastern Inv Trst 4½pcPrf £41½⊕ (20/12)
Shires Inv Wts 3)⊕
TR Pacific Basin Inv Trst Wts 334 5 6 (20/12)
TR Tech Inv Trst 5pcPrf (£1) 44 (23/12)
Throgmorton Trst 7¼pcPrf (£1) 01¼‡ 2‡ (20/12)
Utd States Deb Corp 4¼pcDb (1099) £52 (20/12)
Vantage Secs (10p) 70 Wts 20 (23/12)
Winterbottom Energy Trst 3½pcPrf (£1) 45

MINES—MISCELLANEOUS

Anglo Utd Develo Corp NPV 38⊕
Bidchi Tin (10p) 10 (23/12)
Botswana BST (Pu2) 70⊕
Consltd Gold Fields 7¼pcLn 1999-2004 £73½ (23/12). 0¼pcLn 1900-93 £82½ 3¼ (23/12)
Mins Rescs Corp (SL1.40) 819
Nth Galgurli Mines Optn 21
Rio Tinto-Zinc Corp 525 (24/12). Accm 513 (23/12). 3.325pcAPrf (£1) 49 (20/12)
Zambia Consltd Copper Mines B (K)0) 50 00 7 (23/12)

MINES—SOUTH AFRICAN

Coronation Syndicate (R0.25) 30 (20/12)
Trans-Natal Coal Corp (R0.50) 250 (20/12)

OIL

Burmah Oil 7½pcPrf (£1) 60 1½ (20/12). 7½pcLn 1901-86 £96½ (20/12)
ELF UK 12¼pcLn (1991) £105¼ (20/12)
Gt Western Rescs NPV 125
Shell Transport Trading 5½pcPrf (£1) 48. 7pcPrf (£1) 61½
Texaco Intnl Fin Corp 4¾pcLn 1901-99 £57½ ¼ (20/12)

PROPERTY

Alliance Property Hldgs 9½pcDb 1992-97 £09 (23/12)
Bampton Hldgs 6¼pcLn 2002-07 £67 (23/12)
Bilton (Percy) 225 (20/12)
Capital and Counties 6¾pc1stDb 1995-2000 £69½ (23/12). 9¼pcLn 1991-90 £89 (20/12)
Dares Estates B (5p) 7
Green Property Ir£0.9p 73 (20/12)
Greycoat Group 12.08pcLn 1990-92 £106¼
Hammerson Prop Inv and Dev Corp 475 (20/12)
Haslemere Estates 9pcLn 2001-06 £130 (20/12)
Land Securities 9pc1stDb 1996-2001 £86¼ (23/12). 10pcDb 2023 £24½ (23/12). 6½Ln 1992-97 £72 (20/12). 8½pcLn 1992-97 £82½‡ 3 ¼ (23/12)
Law Land 7pc1stDb 1989-94 £80 (20/12)
MEPC 4pc1stDb £90 (20/12). 12pc1stDb 2017 £109¼ (20/12). 8pcLn 2000-05 £76¼ (23/12)
Marlborough Property Hldgs 10pcLn 1990-02 £181 (23/12)
Merivale Moore (5p) 121 3
Municipal Properties (80p) £20½‡⊕ .54‡⊕
New London Properties 3¼pc1stDb 1957-90 £80 (20/12)
Regis Property Hldgs 8¼pcLn 1997 £79 (20/12)
Shealbank Property Trust 0pcPf (£1) 92 (20/12)
Town and City Properties 0pcLn 1997-99 £76½ (23/12)
Town Centre Securities 9pcLn 1996-2000 £117½
United Kingdom Property 0½pcLn 2000-05 £76 (20/12)
Wates City of London Props 138 9½ ¾ (20/12)
Westminster and Country Props 6pcLn 1989-94 £70 3 (20/12)

PLANTATIONS

Anglo-Eastern Plantations Wts to sub 22. 12½pcLn 1995-88 £81
Anglo-Indonesian Corp 9½pcPf (£1) 100. Fltg Rate Ln 1905-88 £87 8
Beradin Hldgs (5p) 42 (20/12)
Malakoff Berhad (SM1) 70 (20/12)
Ruo Estates Hldgs 495 (23/12)

RAILWAYS

Canadian Pacific £9¼ (23/12)
Canadian Pacific £9¼ (23/12). 4pcPf 30 (20/12). 4pcDb £33¼
St Lawrence and Ottawa 4pc1stBds £30 (20/12)
Toronto Grey and Bruce 4pc1stBds £30 (20/12)

SHIPPING

Graig Shipping A (£1) 500 (20/12)
Peninsular and Oriental Steam Nav Wts to pchse Dfd 87 (20/12)

UTILITIES

Barton Transport (160p) 100 (20/12)
Bristol Channel Ship Repairers (10p) 5½ ¾ ¾ ½
Manchester Ship Canal 5pcPf (£1) 130 (20/12). 3½pc1stDb £29. 3½pcDb £27
Mersey Docks and Harbour 25. 6¾pcDb 1994-97 £62½ (23/12). 6¾pcDb 1996-99 £62 (20/12)
Milford Docks 3½pcDb £26 (23/12)

WATERWORKS

Bristol Waterworks 4.025pcPf 1903-80 £00
Cambridge Water 3.5pc £39½ (20/12). 4.2pcPf 1984-80 £98 (20/12). 9¼pcDb 1992-97 £85½ (23/12)
East Surrey Water 45.6pcPf 1992-94 £60 ½ (20/12)
Eastbourne Waterworks 7½pcDb 1990-92 £70‡ (20/12)
Essex Water 11.20pcDb 2005-09 £99¼ (20/12)
Mid-Southern Water 5pcDb £39 (20/12)
Portsmouth Water 14pcDb 1992 £113¼ (20/12)
South Staffordshire Waterworks 4.9pc £51 2½ (20/12). 9¼pcDb 1900-2000 £83½ 4
Sunderland and South Shields Water 7pcDb 1988-88 £86 (20/12)
West Hampshire Water 8 £10 350‡ (20/12). 3.5pc £40 (20/12)
West Kent Water 3.5pc £37½ 40 (20/12)

UNLISTED SECURITIES MARKET

Amer Electronic Compc (8p) 25½ 8
Biomechanics Intnl (10p) 18 (20/12)
Cannon Street Invs 7.7pcPf 1994-98 393
Chancery Secs New 69 70
Chart Foulks Lynch New (50) 85 (23/12)
Cheshire Wholefoods (5p) 121 3
Cobra Emerald Mines 68 (20/12)
Colorgen (50.01) 104 (23/12)
Continental Microwave (Hldgs) 8.0pcPf 2005 (£1) £1 (20/12)
Cowells 86 (20/12)
Cramphorn (60p) 365 (23/12)
Cranswick Mill Group New (10p) 97
Crusts (50) 84 (23/12). New (50) 84⊕
Dialene New (25p) 134 (23/12)
Dunton Group 12pcPf (1997-2002) (£1) 310 (20/12)
Elgindoe Pope A (£1) 247
Gibbs New 112 (23/12)
Gould (Laurence) 107 (23/12)
Hampden Homecare (10p) 64 (20/12)
Heavitree Brwy 390⊕ 1½⊕
Horne (Robert) Group A (20p) 141 (23/12)
Hunterprint Group 6½pcPf (£1) 83 (20/12)
Interviaion Video (Hldgs) (10p) 2½ (23/12)
J.S. Pathology (10p) 228 (20/12). New (10p) 30
Jacques Vert New (10p) 121⊕
Magnetic Material Group New (10p) 100
Midsummer Inns (50p) 275‡ ½t (23/12)
Millward Brown (10p) 165 (23/12)
Monks Crane New (10p) 00½ 1 (23/12)
Pavion Intnl 3.85pcPf (£1) 48‡ (20/12). 11pcLn 1994-2002 £127 0 9½ 31‡ (20/12)
Pericom (10p) 85 (25/12)
Perkins (John) Meats (10p) 30 (20/12)
Plan Invest Group (10p) 60 2 (20/12)
Property Trust (10p) 5½
SAC Intnl New (10p) 112 7
Shandwick (20) 177 (20/12)
Snowdon Bridge New (10p) 100⊕
Sterling Publshg Group New 15) 68
TMB Advtg Hldgs (5p) 118 9 (23/12)
Technical Component Inds New 197 200
Utd Friendly Ins 0 (10p) 423 (23/12)
West Yorkshire Independent Hospital (50p) 83 (23/12). New (50p) 07 (23/12)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Ahold N-V £19.55⊕ £20.05 (20/12)
American Home Prods £44½⊕
Amsterdam-Rotterdam Bank £27⊕ Fl1099 (23/12)
Ashton Mng 51 (23/12)
Aust Foundation Invest 98 (23/12)
Aust Guarantee Corp 112 (23/12)
Basic Res Intl (Bahamas) 82 5 (20/12)
Bayerische Motoren Werke DM 507⊕
Bell Group 270 (23/12)
Berjuntai Tin Dredging 50 (20/12)
Boral Ord 151 (20/12)
Bounty Invests 90⊕ (23/12)
BG Canada £14½ (20/12)
Burwill Int 7⊕ (23/12)
Campbell Red Lake Mines US$22¾⊕ (23/12)
Cheung Kong (Hldgs) 188½
Club Mediterranee US$60⊕ (23/12)
Coal and Allied Indus 217⊕
Coca-Cola 60
Cockburn Cement 75⊕ (23/12)
Conex Aust 2½ (23/12)
Cons Resources 40 4 (23/12)
Daimler-Benz (DM 50) DM 1240⊕
Darty (FFr 20) £112 (23/12)
Donnelley (R. R.) £45½ (23/12)
Dresdner Bank DM £17
Enterra Corp £8.2 (23/12)
Eurounion £39.95⊕ (23/12)
Georgia-Pacific Corp £17⊕ (23/12)
Gist-Brocades $104⊕
Hammermill Paper £25 (23/12)
Herald and Weekly Times 240 (23/12)
Highveld Steel and Vanadium $1 84⊕
Hong Kong and Kowloon Wharf and Godown 64½ 6½ (23/12)
Hong Kong Elec Hldgs 74¼ (23/12)
Humana Inc £18¼⊕ ¼⊕
Hussel AG £118 (23/12)
Intl Harvester 575⊕ (23/12)
Jamex Res 115‡⊕ 16‡⊕ (23/12)
Jardion Secs 132 (23/12)
KLM (Koninklijke Luchtvaart Mij) £13.42 Fl 53.40 (23/12)
Kidston Gold Mines 235
Kulim Malaysia 37
Kulim Malaysia (Malay Reg) 35⊕
Litton Indus £52½ (23/12)
Loral Corp £24¾ (23/12)
Mannesmann AG £82½ ¾ (23/12)
Marks and Spencer Canada 787½⊕
Marlin Oil 2½⊕ (23/12)
Marriott Corp £78¾⊕ (23/12)
May Department Stores £43½ (23/12)
McDonald's Corp £55¼
McDonnell Douglas Corp £49¼ (23/12)
National Electronics (Consld) 41⊕ 50
Nationale-Nederlanden CVA (Fl2.5) £21¼⊕ (23/12)
New Zealand Goldfields 203 (20/12)
News Corp 435 (23/12)
Niagara Share Corp £11¼
Nicholas Kiwi Australasia 110⊕
Norsat Intnl 85⊕ (23/12)
North Flinders Mines 115 (20/12)
Oil Search 16 ½
Ollmer Res 32 (20/12)
Oter Expl 10⊕ (23/12)
Pan Pacific Pet 2½ (23/12)
Peko Oil 35⊕ (23/12)
Petro Energy 71⊕
Phibro-Salomon £30¼⊕ (20/12)
Philip Morris Inc £59 (20/12)
Pioneer Concrete Services 117
Planet Res Group 3½ (23/12)
Poseidon 127
Protea Hldgs 38⊕
Regal Hotels (Hldgs) 11‡⊕ 11 (23/12)
Regent Mng 46⊕
Rheinisch Westfalisches Elek £52¼⊕ (20/12)
Rowan 462½⊕ (20/12)
Rovex Gold Mng Corp 95⊕ (23/12)
Sappi 100
Schering AG £177⊕ 80
Schering AG £117⊕ 8⊕
Schering-Plough Corp £41¾⊕
Scientific-Atlanta 800 (23/12)
Siemens AG $291¼⊕
Standard Oil of Ohio £34½
Strategic Mine Corp 13
Sun Hung Kai 12⊕ (20/12)
Sun Hung Kai Props HK$12.6⊕ (20/12)
Swire Pacific B 44½ ¾ (20/12)
Tandem Res 125 (20/12)
Terra Res 10½ (23/12)
Texas Oil and Gas £10¼ (23/12)
Thyssen AG £46⊕
Towle Mning 420⊕ (20/12)
Unilever N-V (Fl 20) £98.95⊕ 99.20⊕ (23/12)
Unicon £89¾⊕
Vega AG DM 293 (20/12)
Volkswagenwerk AG DM 458⊕
Walker (Hiram) Res £15¼⊕ (20/12)
Westinghouse Elec £30¾⊕
Westmex 15⊕
Westralian Sands 75 (20/12)
Woodside Pet (Lon Reg) 54‡⊕
Woolworths (SA0.50) 163 (23/12)
Wormald Intnl 173‡⊕ (20/12)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 23 (23/12). Wts 23 (23/12)
Airsprung (10p) 66 9 (20/12)
All Eng Lawn Tennis Gnd £500 9b 1980-90 £14,400 500 (23/12)
Alliance Bldg Soc 11¼pcBd 29.1.86 £99.050 (23/12)
Amal Metal Corp (£1) 100 5 (20/12)
Anglo-Am Agric 45 ½ (20/12)
Ann St Brwy (£1) 525 (20/12)
Appleton (10p) 36 (20/12)
Bristol West BS 11¼pcBds 29.1.86 £99.813 (23/12)
Cambridge Instrument (50) 122 5 (20/12)
Deborah Servs (50) 50 1 2 (23/12)
Greenstar Hotels (10p) 56 (20/12)
Hill Woolgar (£1) 158 40. Dfd (5p) 60 2½ (23/12)
Home Brwry 5 805 12 (24/12)
Jennings Bros 198 200 (23/12)
Kay's Atlas Brwry 5pcPf (£10) 325 50 (20/12)
Mann Overseas Inv Trst (10p) 11 (20/12)
Midland City Part (10p) 167 9 70 (20/12)
Newgate Tst (5p) 1½ ½ (20/12)
Oodles (10p) 15 ½ (23/12)
Panther Secs 90 5 (20/12)
Publishing Hldgs (50) 21 3 (20/12)
Rangers FC (£1) £13 (20/12)
Red Rose Radio ANV (10p) 29 (20/12)
Sinclair Research 57
Stirn Newspapers (£1) 198 200 (20/12)
Thwaites (9) (£1) 615 20 (20/12)
UTC Trading Corp (5p) 24 ½ (20/12)
Wadworth 9½pcPrf (£1) 97½ ¾ (20/12)
Winchmore 47 8 (24/12)
Wynstay Props 142 (20/12)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

North West Oil Gas (20p) 9

(By permission of The Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Dunbar Unit Trusts

Anthony Wieler Unit Tst. Mgmt. Ltd

Arbuthnot Securities Ltd (a)(c)

Archway Unit Tst. Mgs. Ltd(a)(c)

Arkwright Management

Atlanta Unit Managers Ltd

Baillie Gifford & Co Ltd

Baltic Trust Managers Ltd

Barclays Unicorn Ltd(a)(c)(g)

Baring Fund Managers Ltd

Barrington Mgmt Co Ltd

Bishopsgate Progressive Mgmt. Co

Brewin Dolphin Unit Tst Mngrs Ltd

Bridge Fund Managers (a)(c)

Britannia Unit Trust Managers Ltd (a)(c)(g)

Brown Shipley & Co Ltd (a)(g)

Buckmaster Management Co Ltd

CS Fund Managers Ltd

Canada Life Unit Trust Mngrs. Ltd

Cannon Fund Managers Ltd (a)

Capel (James) Mngt. Ltd

Cater Allen Unit Tst Managers

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

Confederation Funds Mgt. Ltd (a)

County Bank UT Ltd

Crown Unit Trust Services Ltd

Dartington Unit Trust Managers Ltd

Discretionary Unit Fund Managers

Dunedin Unit Trust Mngrs Ltd

EFM Unit Trust Managers Ltd

Eagle Star Unit Mngrs Ltd

The English Association

Enterprise Fund Managers Ltd (a)

Equitable Units Administration Ltd

Equity & Law Un. Tr. M. (a) (c)

F & C Unit Management

Fidelity International Management Ltd

Framlington Group (a)

Friends Prov. Trust Managers (a)(b)(c)

Funds in Court

G. & A. Trust (a) (g)

GT Unit Managers Ltd

Gartmore Fund Managers (a) (c) (g)

Global Asset Management

Govett (John) Unit Mngt. Ltd

Granville Unit Tst Mngmt Ltd

Greshams Unit Trust Managers

Grofund Managers Limited

Guardian Royal Ex. Unit Mgrs. Ltd (a)

GT Management Limited

Guinness Mahon Unit Trust Managers Ltd

Hambro Generali Fund Managers Ltd (g)

Hambros Bank Unit Trust Managers Ltd (a)

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.† (a)

IBI Fund Managers Ltd

Key Fund Managers Ltd (a)(g)

Kleinwort Benson Unit Managers

LAS Unit Trust Managers Ltd

L & C Unit Trust Management Ltd

Lawrence Unit Tst Mngmt Ltd

Lazard Brothers & Co Ltd

Legal & General (Unit Tst. Mngrs.) Ltd

Leonine Administration Ltd

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)

Lloyd's Life Unit Tst. Mngrs. Ltd

Local Authorities' Mutual Invest. Tst.

London & Manchester (Tst Mgmt) Ltd

London Law Unit Trust Mngt. Ltd

M & G Group (y)(c)(z)

MGM Unit Managers Ltd

MLA Unit Trust Management Ltd

Manulife Management Ltd

Mayflower Management Co Ltd

Mercury Fund Managers Ltd

Midland Bank Group UT Mngrs. Ltd

Minster Fund Managers Ltd

Murray Johnstone UT Mgmt. (a)

NEL Mutual Unit Managers Ltd

National Provident Inv Mngrs Ltd

Norwich Union Insurance Group (b)

Octavian Unit Trust Mgrs Ltd

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd

Pearl Trust Managers Ltd (a)(g)

Perpetual Unit Trust Mngmt. (a)

Prolific Unit Trusts

Providence Capitol Fd. Mgrs. Ltd

Provident Mutual Unit Trust Managers Ltd.

Prudential Unit Trust Mngrs Ltd (a) (b) (c)

Quilter Management Co Ltd

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd

Ridgefield Management Ltd

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd

Scottish Equitable Fund Mgrs. Ltd

Scottish Life Investments

Scottish Mutual Investment Managers Ltd

Scottish Provident Inv. Mgt. Ltd

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mgmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)

Sun Alliance Fund Management Ltd

Sun Life Trust Mgmt. Ltd

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)

TSB Unit Trusts (b) (c) (y)

3i Unit Trust Managers Ltd

Target Trust Mngrs. Ltd (a)(g)

Touche, Remnant Unit Trust Mngt Ltd

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd(a)(b)(c)

UK Provident Unit Trust Managers Ltd

Unit Trust Account & Mngt. Ltd

Vanguard Trust Managers Ltd

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

WestAvon Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Aetna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Ass. Co Ltd

Baltic Assurance Funds

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

British National Life Assurance Co Ltd

Canada Life Group

Cannon Assurance Ltd

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd

Crown Financial Management Ltd

Crusader Insurance Plc

Dominion Financial Management

Eagle Star Insurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd

Framlington Life Insurance Ltd

Friends' Provident Life Office

GT Management Ltd

General Accident Linked Life Assurance(a)

Assicurazioni GENERALI SpA

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Ass. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd

Imperial Life Ass. Co of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Plc

Langham Life Assur. Co Ltd

Legal & General (Unit Assur) Ltd

Legal & General (UA)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd

Liberty Life Assurance Co Ltd

Lloyds Life Assurance

London Life

London & Manchester Group

London Indemnity & Gnl. Ins. Co Ltd

M & G Group

MGM Assurance

The LAS Group

Manufacturers Life Insurance (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance Plc

Norwich Union Insurance Group

PBR Fund Management Ltd

Pearl Assurance (Unit Funds) Ltd

Pheonix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur. Co Ltd

Providence Capitol Life Ass. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assoc.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Reliance Mutual

Royal Life (Unit Linked Assurance) Ltd

Save & Prosper Group

Schroder Life Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

Sun Life Pensions Management Ltd

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041-248 6321

Scottish Mutual Investments
109 St Vincent St, Glasgow 041-248 6321

Swiss Life Pensions Ltd

TSB Life Ltd

Scottish Provident Institution
6 St Andrews Sq, Edinburgh 031-556 9181

Target Life Assurance Co. Ltd.

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Teachers' Assurance Company Ltd

Transatlantic Life Assur Co Ltd

Skandia Life Assurance Co Ltd

Transinternational Life Ins. Co Ltd

Trident Life Assurance Co Ltd

Tunbridge Wells Equitable

Tyndall Assurance/Pensions
18 Canynge Road, Bristol 0272 732241

UK Provident

UK Life Assurance Co Ltd

Vanbrugh Life Assurance

Vanbrugh Pension Limited

Windsor Life Assur Co Ltd

Standard Life Assurance Company
3 George St, Edinburgh EH2 2XZ 031-225 2552

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd
2, 3, 4 Cockspur St, SW1Y 5BH 01-930 5400

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA

Adig Investment

Albany Fund Management Limited

Alliance Capital Management Intl. Inc.

Allied Dunbar International Fund Mgrs.

Arbuthnot Securities (CI) Ltd

Australian Gen Mngt Ltd

BIA Bond Investments AG

BNP Int Mgmt (Jersey) Ltd

Julius Baer Bank & Trust Co Ltd

Bansford Brandt Guernsey Mngt. Ltd

The Bangkok Fund

Bank of America International SA

Barclays Unicorn International

Baring Fund Managers (Guernsey) Ltd

Baring International Group

Barrington Mgmt (CI)—Barrington Fd

Bishopsgate Commodity Ser. Ltd

Brazil Capital Services Ltd

Bridge Management Ltd(a)(x)(c)

Bridge Management Ltd

Britannia Intl. Investment Mngt Ltd

Brown Shipley Fund Mgmt (CI) Ltd

Butterfield Management Co Ltd

CAL Investments (IoM) Ltd

CAL Investments (Bermuda) Ltd

Capital International

Capital Preservation Fund Intl.

Cater Allen Investment Management (CI)

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd

Citibank (CI) Ltd "Citifunds"

Cornhill Ins. (Guernsey) Ltd

Corteza International

Craigmount Fixed Int. Mngrs. (Jersey)

Credit Suisse

DWS Deutsche Ges. F. Wertpapiersp

Dachan Investment Trust Co Ltd

Daiwa International Securities

Dean Witter World Wide Investment Trust SA

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd

Dunedin Unit Trust Mgrs (Bermuda) Ltd

Dunn & Hargitt Group

EBC Trust Company (Jersey) Ltd

European Banking Trust Company

The English Association

Equity & Law International Fund Mgs Ltd

Equity & Law International Life Assur Co Ltd

Ermitage Management Ltd

Ermitage Management Cayman Ltd

Eurolife Assurance Group

S.G. Europe Obligations SA

Eurotas Investments Ltd

Fidelity International

Fleming Group

Forbes Securities Management Ltd

Foreign & Colonial Management Ltd

Frankfurt Trust Investment-GmbH

Frankfurt Overseas Fund Mgmt Ltd

GT Management (UK) Ltd

Gartmore Fund Managers Ltd. Agents

Gartmore Intl. Services

Genfinance Fund Managers (Guernsey) Ltd

Gotaland Capital Management Ltd

Grindlay Henderson Mngt Ltd

Guinness Mahon Fund Mgrs (Guernsey) Ltd

Hambros Bank Ltd

Hambros Pacific Fund Mgmt Ltd

Hambros Fd Mgrs (CI) Ltd

Hellerup Scandinavian Fund Ltd

Henderson Admin. (Guernsey)

Henderson Management SA

Heritable & General Fund Mngrs (Jersey) Ltd

Hill Samuel & Co. (Guernsey) Ltd

Hill Samuel Fd. Mngrs. (Guernsey) Ltd

Hill Samuel Investment Mgmt Intl SA

IGF Management Services Inc

ING Interbelbeer

International Bond Trust

Investissements Atlantiques SA

Ivories Investment Management

Jardine Fleming & Co. Ltd

Kleinwort Benson Group

Kleinwort Benson (Guernsey) Fd Mngrs Ltd

Korea International Trust

Lazard Brothers & Co. (Jersey) Ltd

Lewis & Peat, Clarke (Guernsey) Ltd

Lloyds Bank (CI) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Intl. Money Market Fund Ltd

Lloyds Life (Isle of Man) Ltd

M & G (Cayman) Ltd

M & G Island Fund

Nan International Futures

Manufacturers Int'l Ltd

Manufacturers Hanover Geoffunds

Midland Bank Tst. Corp. (Jersey) Ltd

MIM (Jersey) Limited

Minerals, Oils Res. Shrs. Fd. Inc.

Murray, Johnstone (Inv. Adviser)

NEL Britannia Int Ass Ltd

NEL International Ltd

Nat. Westminster Jersey Fd. Mgrs. Ltd

Newport International Management

Nikko Intl. Cap. Mngt. Co (Europe) Ltd

Nomura Growth Fund SA

Northgate Unit Tst. Mngs. (Jersey) Ltd

North Star Group of Companies

PFC International Portfolio Fd Mngt Ltd

Pacific Basin Fund

Pacific Growth Fund

Panther Bond Fund SA

Perpetual UT Mngrs (Jersey) Ltd

Phoenix International

Premium Life International Ltd

Prestige Management S.A.

Providence Capital International Ltd

Putnam International Advisers Ltd

Quantum Fund

Quilter/Hoinold Commodities

Quilter International Management Ltd

Raw Brothers (IoM) Ltd

Rothschild Asset Management (CI)

Rothschild Australia Asset Mngmt Ltd

Rowan Woodstock (Bermuda) Limited

Royal Bank of Canada Funds

Royal Trust International Fd. Mngt. (Intl.)

SCUTECH SA

Saber Futures Fund Ltd

Save & Prosper International

Scandinavian Bk Fd Mgrs Ltd

Schroder Mngt Services (Jersey) Ltd

J. Henry Schroder Wagg & Co Ltd

Schroder Unit Trust Mgrs. Int. Ltd

Scrimgeour Kemp-Gee Mngmt

Securities Selection Ltd

Sentry Assurance International Ltd

Seoul International Trust

Seven Arrows Fund NV

Singer & Friedlander Ldn. Agents

Skandifond International Ltd

Societe Generale Merchant Bank plc

Standard Bank Fund Managers

Standard Chartered CI. Money Mkt Fund

Strategic Metals Corp plc Metal Funds

Strategic Metal Trust Mngrs. Ltd

Stronghold Management Limited

TSB Trust Funds (C.I.)

Taiwan (R.O.C.) Fund

Target Investment Management Limited

Tennent (Cayman) Managers Ltd

Thornton Management Ltd.

Tokyo Pacific Holdings NV

Tokyo Pacific Hldgs. (Seaboard) NV

Tyndall Guardian Managers (Jersey) Ltd

Tyndall International Assurance Ltd

Tyndall-Guardian Mngt Co Ltd

M. L. Tyrrell & Co. Ltd.

US Federal Securities Fund SA

US Pacific Stock Fund

U.S. Treasury Securities Fund Ltd

Union Invest Fd Mgt Co SA

Unit Trust Services (Jersey) Ltd

Union-Investment-Gesellschaft GmbH

United Fund Managers Ltd

S.G. Warburg & Co. Ltd. and subsidiaries

Warburg Invest Mngt Ltd

Wardley Fund Managers (Jersey) Ltd.

Wardley Investment Services Ltd.

WestArco Secs. (Guernsey) Ltd

World Bond Fund

World Fund S.A.

World Wide Growth Management

Yamaichi Dynamic Mngt Co SA

Zero Bond Fund Limited

Money Market Trust Funds

The Charities Deposit Fund

The Money Market Trust

Oppenheimer Money Management Ltd

Money Market Bank Accounts

Adam & Co. plc

Aitken Hume

Allied Arab Bank Ltd

Bank of Scotland

Barclays Prime Account

Britannia Investment Services Ltd.

Charterhouse Japhet plc

Clydesdale Bank

Co-operative Bank Cheque & Save

Cushington & Co Ltd

Edward Manson & Co Ltd

Heritable & General Bank of Scotland

Legal & General (Money Mngrs) Ltd

Lloyds Bank PLC

Lombard North Central PLC

M. & G./Kleinwort Benson

Midland Bank plc

Oppenheimer Money Mgmt Ltd

Phillips & Drew Trust Ltd

Provincial Trust

Royal Bank of Scotland plc

Save & Prosper/Robert Fleming

Tyndall & Co

J. Henry Schroder Wagg & Co Ltd

Western Trust & Savings Limited

NOTES

OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Exch. 11¾pc '86	[illegible]	......	11.77	11.87
[illegible]	[illegible]	Treas. 10pcCav 1986	[illegible]	[illegible]	10.05	11.53
[illegible]	[illegible]	Treas 3pc 1986	[illegible]	[illegible]	3.09	10.80
100	[illegible]	Exch. 10½pc 1986	[illegible]	[illegible]	10.58	11.83
[illegible]	[illegible]	Treas 12pc 1986	[illegible]	[illegible]	11.98	10.60
[illegible]	[illegible]	Treas 8¾pc 1984-86‡‡	[illegible]	......	8.63	11.62
[illegible]	[illegible]	Exch. 14pc 1986	[illegible]	......	13.76	11.62
[illegible]	[illegible]	Exch. 2½pc 1986	[illegible]	[illegible]	2.62	7.80
[illegible]	[illegible]	Exch. 13¼pc 1987	[illegible]	......	13.07	11.57
[illegible]	[illegible]	Treas 10¼pcCv '87	[illegible]	......	10.41	11.63
[illegible]	[illegible]	Exch 2½pc 1987	[illegible]	[illegible]	2.67	8.50
[illegible]	[illegible]	Exch. 10½pc 1987	[illegible]	......	10.65	11.48
[illegible]	89	Funding 6½pc '85-87‡‡	[illegible]	......	6.86	10.81
[illegible]	[illegible]	Treas. 10pc 1987	[illegible]	......	10.19	11.43
[illegible]	[illegible]	Treas 3pc 1987	[illegible]	[illegible]	3.25	8.45
[illegible]	[illegible]	Treas. 12pc 1987	101	......	11.88	11.34
[illegible]	[illegible]	Treas 7¾pc 1985-88‡‡	[illegible]	......	8.26	11.16
[illegible]	[illegible]	Exch 10½pc '88	[illegible]	[illegible]	10.66	11.23
[illegible]	[illegible]	Treas 9½pc Cv '88	[illegible]	[illegible]	10.08	11.39
[illegible]	80	Transport 3pc '78-88	[illegible]	[illegible]	3.42	8.67
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	9.94	11.36
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	11.40	11.26
[illegible]	[illegible]	Treas 9½pc Cnv. '89	[illegible]	[illegible]	9.99	11.27
[illegible]	79	Treas 3pc 1989	[illegible]	......	3.57	8.52
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.72	11.23
[illegible]	92	Exch. 10pc 1989	[illegible]	[illegible]	10.38	11.29
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	11.08	11.23
[illegible]	79	Treas 5pc 1986-89	[illegible]	[illegible]	5.75	9.49
[illegible]	39	Exch 10½pcCv '89 (£40pd)	[illegible]	......	10.49	10.90
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.26	11.13

Five to Fifteen Years

Over Fifteen Years

Undated

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FINANCIAL TIMES

Saturday December 28 1985

Electricity Council hits at gas plan

BY MAX WILKINSON, RESOURCES EDITOR

THE ELECTRICITY Council has launched a strong attack on the Department of Energy's plan for regulating British Gas after it is privatised next autumn.

The council believes the regulations in the proposed licence for British Gas are too weak, and will give an unfair competitive advantage to the new corporation. The licence contains few safeguards to prevent British Gas from using its monopoly power to subsidies one part of its business from another, it says.

It complains that there is no reference in the licence to whether prices for North Sea Gas should reflect international market prices.

The Electricity Council's complaints, in a private memorandum to the Commons Select Committee on Energy, are likely to add fuel to the controversy which erupted in Whitehall in the autumn over the privatisation scheme.

Officials and some ministers have said privately that the regulations will not be strong enough and that they give insufficient weight to the long-term policy issues of how Britain should best use its energy resources.

For this reason there is likely to be much sympathy for the council's main anxiety, that British Gas has expanded too fast because it obtained supplies of gas at well below international market prices. Though this may have benefited the consumer in the short run, it is said that investment plans in the two industries have been distorted.

A previous memorandum to the committee by the council said it was worried that:

- British Gas might offer cheap supplies to bulk consumers to an extent prohibited in nationalised electricity;
- Gas showrooms could be given freedom to diversify denied to electricity;
- The new private gas monopoly might publish accounts in a way obscuring comparison with its competitor.

Having studied the terms of the gas licence, the Electricity Council says that the wording provides "no effective protection" against unfair competition, and the licence is limited compared with that granted British Telecom.

More specifically, it says the licence does not require the new company to publish accounts showing whether sales to industrial consumers are being subsidise by sales to the domestic market, or vice versa. Separate accounts for showroom business will no longer be required.

It describes the formula for setting domestic gas prices as "extremely complex" and not appearing to prevent cross-subsidies between the domestic and business markets.

In the industrial market, it says the licence gives no protection against "predatory pricing" by British Gas, since it deals only with maximum prices rather than actual prices paid by contract customers.

It says that the requirements for British Gas to act as a "common carrier" for third parties are "vague" particularly in comparison with the obligations of the electricity industry in this respect.

Union chiefs at Lucas Electrical fear 4,000 job cuts

By Arthur Smith, Midlands Correspondent

ANOTHER 4,000 jobs may be about to be cut at Lucas Electrical, the heavily loss making motor components supplier, union leaders fear.

Mr Mike Nangle, chairman of the senior shop stewards committee, said that the first batch of redundancies was expected to be announced towards the end of next month with the rest phased over the following months.

Mr Godfrey Messervey, chairman of Lucas Industries, Lucas Electrical's parent company, spotlighted the poor performance of Lucas Electrical at the annual meeting earlier this month.

Brokers estimate that Lucas Electrical which makes everything from light bulbs to batteries and starter motors, lost about £35m in the year to July on a turnover of £260m. Some £28m of the £37.8m of provisions made by Lucas Industries for restructuring group business are thought to relate to the division.

Lucas Electrical has been squeezed by declining UK markets—particularly at Austin Rover — and competition from mass producers such as Bosch of West German and Nippondenso of Japan. It has almost halved its UK workforce to 12,000 over the past five years.

Mr Messervey has made clear all options are open. "We could be injecting money into companies, selling companies or closing them down," he said last month when the annual results were announced.

A management team put into the division at the beginning of the year headed by Mr Bob Dale has subjected every operation to a study to assess the opposition, likely market share and profitability.

Lucas is expected to concentrate resources on more profitable components using higher technology, but could run into a politically sensitive area should it choose to import rather than manufacture its own products at a time when the Government is urging car companies like Ford and Vauxhall to buy British.

Mr Nangle says that annual loss figures given by the company suggest two Birmingham factories are at greatest risk: the Great King Street headquarters with around 2,000 manual workers and £5m losses in the year to July and Mere Green with 720 employees and £3m losses.

Council leaders at Birmingham, where unemployment rates are up to 40 per cent in inner city areas, are pressing Lucas for more information.

Mr Albert Bore, chairman of the council's economic development committee, said a preliminary meeting had been held with Mr Dale and his senior colleagues. "The consequences of any big redundancies would be alarming. We are anxious to do anything we can to help."

Mr Ken Cure, Midlands national executive member of the Amalgamated Union of Engineering Workers, said he was pushing for a meeting with the company as soon as possible in the New Year.

Lucas said: "We are still assessing the options. Whatever decisions are taken about particular plants will be announced to the workforces in due time."

THE LEX COLUMN

Capitalism for the people

If private individuals had merely sat on the shares they owned at the beginning of this year, they would now be about £9bn richer. In fact, the personal sector has been actively adding to its stock market wealth; according to economiats at Hoare Govett, it has bought another £3.5bn or so of shares in 1985.

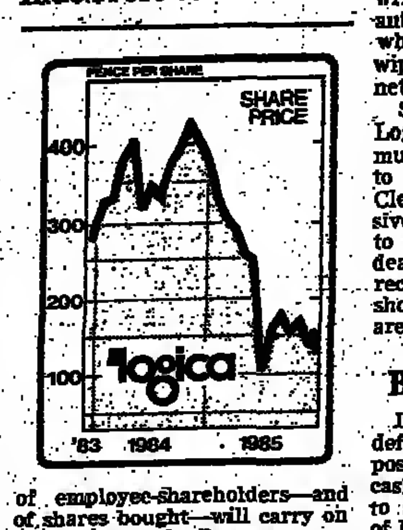
Since the 1960s, most private wealth has been held in the form of housing, encouraged by the taxman, who allows tax relief on mortgage interest payments and waives capital gains tax on the sale of the house. Owner occupation has risen from 44 per cent of the population in 1965 to around two-thirds now. At least some of these householders have spare cash to invest after their mortgage payments.

With help from Conservative (and Labour) Governments, much of this money has been routed back to the stock market. Private investors were threatening to fade away—from holding 70 per cent of equities in the 1950s, their share had fallen to 30 per cent by the beginning of last year. But in this year's rapidly-expanding stock market, they have held their own, and probably added a point or two, helped by new recruits to the game. Until two years ago, unit trust ownership had stood almost stock still at 2m for two decades. Since then, another 700,000 people have subscribed. Then there are the extra 1m to 1¼m shareholders created by the British Telecom sale. Judging by the interest shown in other new issues of household names, like Laura Ashley, the amateurs who made a killing on BT are coming back for more.

The new share-owning democracy has had another boost from the Inland Revenue in the form of tax relief for employee share and share option schemes. Employees can win full income tax relief when they buy shares in their companies, providing they hold on to the shares for five years. Around £2.5bn is now tied up in option schemes and employees are spending around £1.5bn a year through share schemes. Compared with mortgage tax relief, which probably costs the Revenue around £3bn a year, the £750m or so it losses on these schemes is hardly crippling. But mortgage relief is stable or falling, and spread over many more people. If the stock market continues to perform, doubtless the number of employee-shareholders—and of shares bought—will carry on rising, losing the Revenue more money. And for the moment the relief is spread over only 3/4m or so people, compared with the 10m paying off mortgages.

The growth of personal involvement in equities clearly owes a lot to the bull market. Few people can have lost money by buying shares in the last couple of years, and most will have made substantially more than they would have done by stashing it away in a building society. Come a bear market, there is bound to be a shake-out, which may one day become as useful a form of electoral bribery as the promise of tax cuts: if the Opposition wins, the Government can claim, voters will lose money on the stock market.

Index rose 7.1 to 1123.3



Logica

Managements of "people businesses" hold the trump card when it comes to staying independent. Advertising agents, stockbrokers or, indeed, software designers know that they are the company's major asset, and if faced with an unwelcome predator, can always threaten to take their skills (and maybe their clients) elsewhere. This is just what Logica has done; not just to Electronic Data Systems, which had to withdraw its offer this week because it failed to win board approval, but also to 14 or 15 other potential white knights in the last few months.

Evidently the management and employees of Logica prefer to remain independent, even though this has involved calling on shareholders for more cash to keep the company afloat. Last week, investors had to stump up £15m to cover trading losses and write-offs from Logica's office automation businesses, losses which were large enough to wipe out the company's entire net worth.

Shareholders who invested in Logica for its design abilities must now accept that they have to live with its management. Clearly even the most aggressive of raiders would not want to swallow the poison pill of a design staff walkout. And, as recent events in the City have shown, even golden handcuffs are apt to snap.

Britannia

It is not every day that a defending management is in a position to choose which of two cash alternatives to recommend to shareholders; but the board of Britannia Arrow did just that yesterday in warning firmly against Guinness Peat's cash offer in favour of sales in the market to Mr Robert Maxwell's concert party. The difference may not be colossal: the Guinness Peat cash offer works out at 140p per share—including Britannia's final net dividend of 3p—while the Maxwell consortium bought its last block of shares yesterday at 143p. Presumably, it is the principle that counts.

After yesterday's transactions, the Maxwell camp holds 19.8 per cent of Britannia's equity and can pick up a further 10.1 per cent from institutions wishing to hedge their bets before needing to launch a full bid. Whether Mr Maxwell, or the consortium, will want to bid is impossible to judge—but the market, which has allowed the stake to build with hardly a ripple in Britannia's share price, is sceptical. This opens the possibility that Britamda's share register will soon consist of three equal stakes of 30-odd per cent: those of the consortium, Guinness Peat and the institutions.

This is not an attractive prospect for the institutions. Having picked up the bulk of its stake at a guinea a time and for shares, Guinness Peat might well be tempted to sell out—effecting another of those disguised rights issues at which Mr Alastair Morton is so adept. But then the Guinness Peat share offer, at 146p with every dividend around, is scarcely generous even by the nickle-and-dime standards of this affair.

Dollar falls sharply in thin trading

By Philip Stephens, Economics Correspondent

THE DOLLAR fell sharply against other leading currencies yesterday when foreign exchange markets re-opened after the Christmas holiday, hitting its lowest level against the D-mark since mid-1983.

Traders said the US currency's weakness reflected continuing expectations of lower US interest rates, but that the fall had been exaggerated by the low volume of business ahead of the New Year.

Interbank dealings, which traditionally provide the bulk of the foreign exchange markets' turnover, were particularly thin, heightening the impact of corporate dollar sales.

In Frankfurt there was speculation that the West German Bundesbank might intervene to brake the dollar's fall, but traders reported no concrete evidence of central bank activity.

The dollar's recent weakness has created tension in the European Monetary System, but European central banks appear anxious to avoid a realignment ahead of the French general election in March.

Sterling, which has been hit in the past few weeks by fears of lower oil prices, benefited from the US currency's losses, but continued to weaken against other major currencies.

The dollar closed in London at DM 2.4720, 3.4 pfennigs down from Tuesday and the lowest since May 1983. The pound rose by 1.35 cents to $1.4380, but fell 1.5 pfennigs against the D-mark to DM 3.5550. Sterling's trade-weighted index was unchanged at 77.9.

Britannia advises shares sale

BY DAVID LASCELLES

BRITANNIA ARROW, the financial services group under takeover threat from Guinness Peat, last night told its shareholders to sell their shares if they wanted to realise their investment and take advantage of the current strength of Britannia's price in the stock market.

This unusual advice was given by Mr Michael Newman, Britannia's chief executive, in a statement asserting the reasons for rejecting the Guinness Peat £284m bid.

It is understood that Mr Robert Maxwell, the publisher of Mirror Group Newspapers who leads a concert party which is building up a stake in Britannia, has agreed to buy whatever new shares come on the market.

Mr Newman said in his statement: "Those shareholders who believe that management teams such as Britannia, whose performance has been outstanding, are worthy of support, should continue to reject this attempt to buy Britannia on the cheap.

"Those few shareholders who for their own reasons might wish to realise their investment should not accept the offer, but should sell in the market at prices above the current cash offer."

Mr Maxwell's party, which includes Montagu Investment Management run by Mr David Stevens, disclosed yesterday that new purchases had brought their combined stake to 20 per cent.

Mr Alastair Morton, chief executive of Guinness Peat, said that Mr Newman's advice was an admission that the bid would succeed in spite of the intervention of Mr Maxwell's group. Mr Morton said that Mr Maxwell would only be able to buy 10 per cent more of Britannia's shares before hitting the level at which he would have to mount a takeover bid of his own.

Guinness Peat, which already held over 28 per cent of Britannia Arrow, has enlarged its holding to 29 per cent with new purchases in the market made at 141p. This compares with the 144.4p value of its stock and loan note offer, and 140p of the cash alternative.

Britannia's shares closed yesterday at 143p, up 3p. Guinness Peat gained 1p to 70p.

Hong Kong bank cash injection

BY DAVID DODWELL IN HONG KONG

THE HONG KONG government yesterday injected HK$2bn (£180m) into the Overseas Trust Bank, one of the territory's largest locally incorporated banks. It rescued the bank in June this year after it collapsed amid allegations of criminal misuse of funds.

News of the capital injection coincided with the bank's disclosure of an audited loss of HK$3.05bn in the 12 months to June 30 after provisions for bad and doubtful loans and transfers from inner reserves. A loss for the current financial year has been forecast.

The bank also disclosed that Coopers & Lybrand has resigned as its auditor, and has been replaced by Peat Marwick Mitchell.

OTB's collapse brought its subsidiary, Hongkong Industrial and Commercial Bank, to its knees, and triggered liquidity problems for a number of other small local banks. Some are still in difficulties, with Kah Wah and Wing On banks now in the process of seeking outside help, and others like Union Bank and Far East Bank the subject of anxious attention.

The government, somewhat to its embarrassment, now controls three banks in the territory—HICB in the wake of the OTB collapse, and Hang Lung Bank, which failed two years ago, as well as OTB itself. It has installed new boards in all of the banks, and criminal charges have been brought against a number of OTB's former directors.

Mr David Nendick, Hong Kong's Secretary for Monetary Affairs and now chairman of OTB, yesterday provided a first detailed insight into OTB's financial problems. As investors shifted funds into other banks, its current, deposit and other accounts dwindled from more than HK$10.5bn in June 1984 to HK$8.7bn last June. Loans and other advances fell from HK$8.3bn to HK$5.6bn, while cash in hand and deposits with other banks dived from HK$2.64bn to HK$766m.

He refused to disclose the size of provisions made against bad debts, but was confident that further cash injections would not be needed. The eventual cost of the rescue to Hong Kong taxpayers is likely to be well over HK$2bn.

The HK$2bn injected yesterday is through the purchase by the Hong Kong Government of 2bn redeemable preference shares of HK$1 apiece. In addition, Mr Nendick said, the Government had provided a further undisclosed sum "which will enable management to have a cushion against the continuing losses that will be incurred during the short term."

Continued from Page 1

Colombia

coffee exporter. The commodity is grown in about 50 countries, and in Africa and Latin America 16 states depend on it for more than 25 per cent of their export earnings.

Colombia is expected to earn more than $2bn (£1.4bn) from coffee exports next year, $600m more than in 1985. This will contribute to Colombia's first trade surplus in five years and will enable it to rebuild its international reserves, which ballooned in the coffee boom before dropping dramatically in

The country is holding coffee stocks totalling 12m bags, so it should find it easy to fill the gap created by the Brazilian drought

Steinberg increases stake in Mercury

BY DAVID LASCELLES, BANKING CORRESPONDENT

MR SAUL STEINBERG, the US financier, has increased his stake in Mercury Securities, the UK merchant banking group, by 1.5 per cent to 11.3 per cent by buying another 250,000 shares.

The enlarged holding leaves him, however, below the ceiling agreed with Mercury management in November when he first started accumulating shares in the group. This limited him to 10 per cent of Mercury after its forthcoming merger with Rowe & Pitman, and Mullens & Co, the two stockbroking firms, and Akroyd & Smithers, the jobbers.

His new stake is equivalent to about 8 per cent of the merged group. Mercury said yesterday its management was "relaxed" about the latest acquisitions. Mercury's share price closed unchanged at 700p.

Mr Steinberg told Mercury of the purchases by letter. Mercury has sent a letter of acknowledgement.

The agreement on an ownership ceiling was struck after Mercury management reacted sharply to news of Mr Steinberg's aggressive purchases of the group's stock.

Mr Steinberg, well known as a corporate raider in the US, had originally indicated he wanted to go to 20 per cent. He agreed to a lower limit after Mr David Scholey, Mercury chairman, publicly denounced his new shareholder and flew to New York for discussions in November.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated).

RISES					
Argyll Group	335	+ 10	Highgate & Job	123	+ 33
Attwoods	119	+ 8	ICI	747	+ 15
Barratt Devs.	126	+ 4	Lee Cooper	135	+ 7
Beecham	363	+ 15	MEPC	293	+ 5
British Benzol	60	+ 5	Midland Bank	444	+ 9
Cons. Plants.	68	+ 10	P & O Defd	445	+ 7
Deutsche Bank	£262½	+ 6½	Reuters B	351	+ 16
Distillers	500	+ 12	Unigate	217	+ 8
Electronic Machine	60	+ 8	Unigroup	120	+ 6
Goldsmiths	176	+ 6	Wadkin	120	+ 8
Guinness	307	+ 7	Westland	88	+ 11
Harrisons Halay.	88	+ 8	Yorkdyda	220	+ 12

WORLDWIDE WEATHER

UK TODAY: Cold with widespread frost. Sunny intervals and snow showers, heavy at times. Outlook: Still cold, snow dying out.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	51	Dallas†	Fg	2	36	Madeira		—	—	Perth	F	31	88
Algiers	F	20	68	Dublin	S	1	34	Madrid	R	8	46	Prague	F	6	43
Amsdm.	F	1	34	Dbrvnk.	S	11	52	Majorca	F	15	51	Reykjvk.	S	−7	19
Athens	S	19	66	Ednbgh.	S	−1	30	Malaga	C	15	51	Rhodes	F	15	59
Bahrain	C	15	61	Faro	C	12	54	Malta	S	18	64	Rio J'o		—	—
Barclna.	S	15	59	Florence	F	15	59	M'chstr.	S	0	32	Rome	F	16	61
Beirut		—	—	Frankft.	R	7	45	Melbne.	C	18	81	Salzbrg.	F	5	41
Belfast	S	0	32	Geneva	C	7	45	Mx. C.		—	—	S F'cisco†	F	5	41
Belgrd.	S	7	45	Gibraltar	C	15	51	Miami		—	—	Singapr.	F	29	84
Berlin	C	0	32	Glasgow	S	0	32	Milan	C	3	37	S'tiago		—	—
Biarritz	S	−1	30	G'msey	C	6	43	Mntrl.†	Sn	−16	0	Stckhm.	S	−12	10
Blackpl.		—	—	Helsinki	C	−10	14	Moscow	C	1	34	Strasbg.	C	7	45
Bombay	S	29	84	H. Kong	S	20	68	Munich	S	9	48	Sydney	S	24	75
Bordx.	R	6	43	Innsbrk.	F	4	39	Nairobi		—	—	Tangier	F	18	64
Boulgn.	R	4	39	Invrnss.	Sn	−1	30	Naples	R	15	59	Tel Aviv	S	15	59
Bristol	S	2	36	I.o.Man	S	2	36	Nassau		—	—	Tenerife	F	25	77
Brussels	F	0	32	Istanbul	R	11	52	Nwcstl.	S	0	32	Tokyo	S	11	52
Budpst.	S	9	48	Jersey	C	5	41	N Delhi	S	18	64	T'ronto†	Sn	−2	28
Cairo	S	18	64	Jo'burg	F	25	77	N York†	C	−3	27	Tunis	F	18	64
Cardiff	F	1	34	L. Plms.	F	20	68	Nice	S	14	57	Valencia	S	14	57
Cape T.	S	24	75	Lisbon	C	13	55	Nicosia	F	17	63	Venice	C	6	43
Chicago†	F	−10	14	Locarno		—	—	Oporto	R	11	52	Vienna	F	7	45
Cologne	R	4	39	London	F	4	39	Oslo	S	−10	14	Warsaw	R	2	36
Cpnhgn.	S	−1	30	L. Ang.†	C	10	50	Paris		—	—	Zurich	F	7	45
Corfu	S	18	64	Luxmbg.	C	3	37	Peking	S	2	36				

C—Cloudy, F—Fair, R—Rain, S—Sunny, Sn—Snow. † Noon GMT temperatures.

Second share shop for Quilter

BY DAVID GOODHART

QUILTER GOODISON, the stockbrokers which opened the first share shop branch office in a London department store in September, is to open another high street brokers office in Truro, Cornwall. The share shops aim to make buying and selling shares as easy as buying or selling any other goods.

The new branch has been announced to the Stock Exchange and will open early in the new year.

Initially, it will be an ordinary provincial brokers office on the top floor of an office block, but will soon move to a shop front office on the ground floor.

The decision to extend the money centre experiment—as it is formally known—has been based on the unexpectedly positive response to the first shop, based in Debenhams, Oxford Street, in London's West End. Mr Tony Richards, the Quilter partner in charge of the share shops, said that just under 4,000 transactions had been made through the shop in three months, and the company had acquired 3,500 new clients.

Mr Richards would not disclose the total value of the share sales or purchases, but it is likely to be rather less than an average 4,000 transactions by their existing private clients. About 2,400 of the deals have been sales, with many small British Telecom holdings sold. But Mr Richards said Quilter was picking up about five "portfolio" clients a week with accounts averaging £100,000.

The company has long associations with the West Country, and in particular with Truro. The office will be in River Street, Truro, and will be staffed by four staff bought from Vivian Gray, the brokers. The longer-term plan is to open shops in Bristol and Exeter.

Reagan and Gorbachev

Continued from Page 1

only that there were "gleams of hope" and "greater warmth" in the climate of international relations.

Mr Larry Speakes, the White House spokesman, said the exchange of messages had been planned in the "spirit of good relations." He added that the addresses would be broadcast on radio and television and would be about five minutes long.

He pointed out, however, that the US had been unable to give the Soviet Union an assurance that US radio and TV stations would broadcast the Soviet leader's statement.

President Reagan's statement on the planned addresses was made aboard Airforce 1, the presidential jet, as it was taking him to California for what has become his customary New Year's holiday.

It coincided with the release of a written statement by the President to mark the sixth anniversary of the Soviet invasion of Afghanistan. Mr Reagan accused the Soviet Union of using "barbaric methods" of waging war and called on Moscow to withdraw its troops and assent to talks on a political settlement.

Mr Gorbachev said yesterday that regional conflicts needed to be defused but argued that they were usually the result of local social, economic and political factors and were not fomented by Washington. "The habit of looking at conflict situations through the spectacles of East-West political or ideological confrontations" increased tension, he told the foreign ambassadors.

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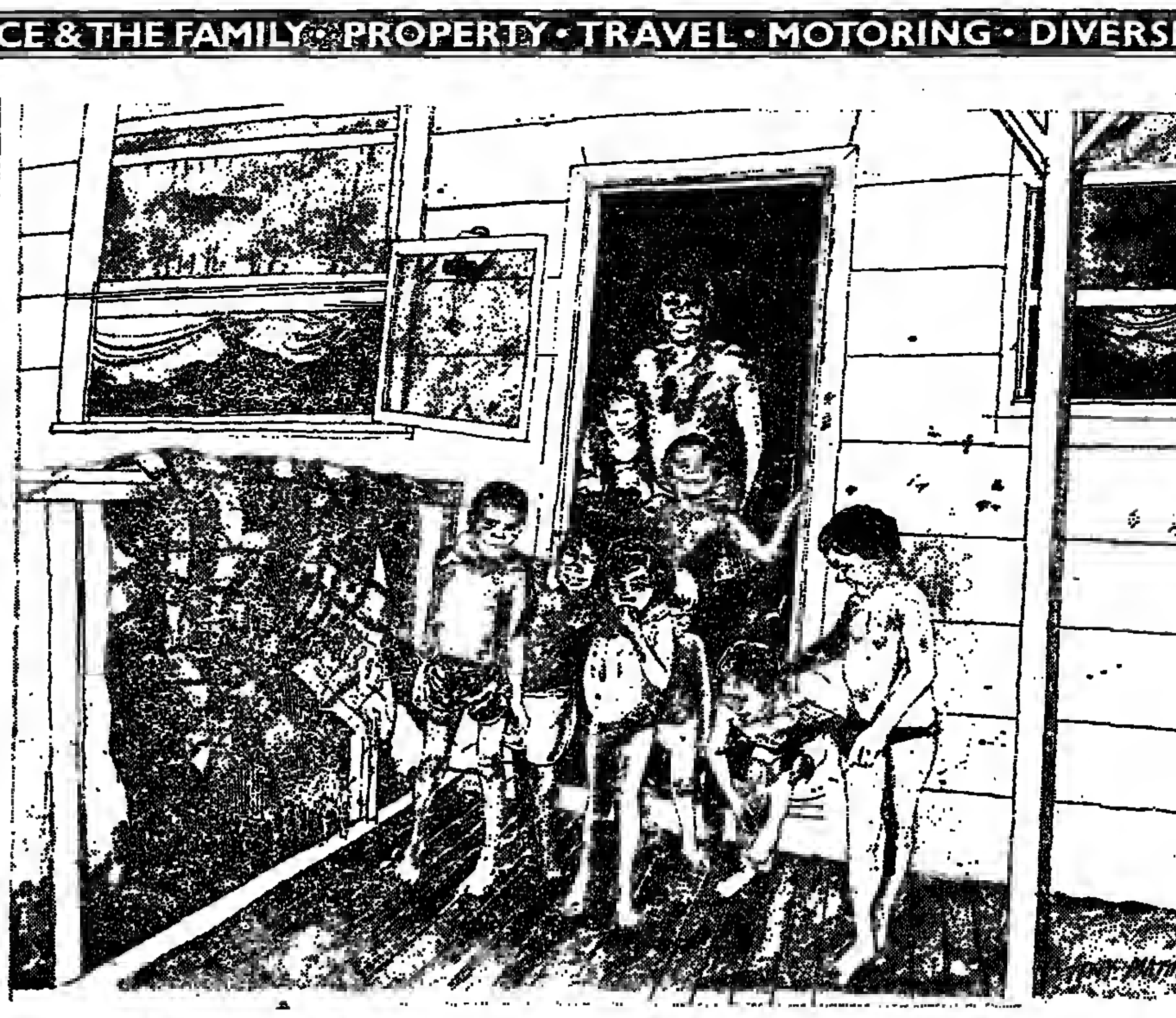
WEEKEND FT

Saturday December 28 1985

Refugees from the white virus

Europeans—from convicts to atomic testers—have been bad news for the ancient Aboriginals of Australia. **Michael Thompson-Noel** reports from Sydney.



THERE was a "big bang . . . a big noise, an explosion." Later, there was "black-like smoke" coming from the south; not like a dust storm but quiet, moving stealthily through the mulga trees. At Wallatinna, in the Great Victoria Desert of Australia, the old people were afraid, fearing that the black mist was a *mamu*, or spirit. One witness said that "when the cloud came over the top of them it sort of turned white and made their personal shadows turn queer." There was a greasy fallout of fine, sticky dust. A second witness said: "It was this mixie sort of thing, black outside, and it went and it even killed the fruit trees."

Later, some of the people were sick with skin rashes, sore eyes, coughing, vomiting and headaches. It was also claimed that people had died; but because of the unique counting system of the Pitjantjatjara people, and the taboos about *mentioning* death, the numbers alleged to have done so could not be ascertained. The number of Aboriginals thought to have been in camp at Wallatinna was between 30 and 40.

And so it happened, in 1953, that a group of Aboriginals was given a private introduction to the nuclear age. One minute they were hunter-gatherers from an unknown time: the next, they were experiencing radioactive fallout from the Totem 1 atomic bomb test conducted by the British at Emu Field, north-west of Woomera.

The black mist of Emu Field recently was investigated by a royal commission under Mr Justice James McClelland. It was set up in July 1984 to inquire into the British nuclear tests conducted in Australia during 12 years from January 1952; and it has recommended that Britain pay to clean up the test sites so they are fit once more for unrestricted habitation by their traditional Aborogi-nal owners.

It says the Australian Government should pay compensation so Aboriginals can re-establish their links with the land as rapidly as possible: and that there is no reason to disbelieve Aboriginal accounts that the black mist occurred and made people sick.

To a poet or an anthropologist, there might be something fitting in the prospect of these nuclear refugees returning to their lands, where late *last century* explorers described the Pitjantjatjara and Yankunytjatjara tribes as suffering no obvious deprivations in an environment searingly inhospitable to Europeans. Today, there are Aboriginals near the test lands whose traditional lifestyle makes only minimum use of European goods or services. Their diet includes kangaroos, rabbits, birds, snakes, witchetty grubs and mallee hen eggs. Water is limited, so there is very little washing of bodies or clothes.

To those who can handle large units of time, the scratchings of European occupation that now overlie the ancestral spirit trails that once crisscrossed Australia do not amount to much. In the Aboriginals' view, says poet Judith Wright, "they own the continent, and the land will look after them beyond our time. After all, they have survived all *the changes of the Pleistocene.*"

But that is the big picture. At the level of the cameo, in the political here-and-now, there is not a crumb of comfort in the Aboriginals' plight. What is more, affluent white Australia is approaching its bicentenary in 1988 with scarcely a clue as to how it will explain to the outside world its present-day treatment of its indigenous minority.

In a recent speech in Canberra, Clyde Holding, who *is* Minister for Aboriginal Affairs in Bob Hawke's flexible Labor Government, spoke of the results of an opinion survey commissioned last year and designed to gauge the attitude of average Australians towards Aboriginals. The results, almost, were not believable. "It was found," says Holding, "that many saw Aboriginals as a privileged group . . . less than 20 per cent had strong feelings of support for Aboriginal people and their aspirations. Most saw the range of special Government programmes as largely a waste of money."

How, asked the minister, could Australians be so little informed about the aftermath of the colonisers' arrival in 1788? (a catastrophe known to the Aboriginals as the Day the Sky Fell Down). Those who were not poisoned or massacred were assimiliated into a degrading fringe existence from which they have scarcely escaped.

The invaders' culture was so alien, says Holding, that the Aboriginals' "mere survival" was remarkable in itself. Remarkable it may be; it is also in doubt. From at least 325,000 (it could have been 1m-plus) at the time of European settlement, the number of Aboriginals and Torres Strait Islanders had crashed to about 70,000 by the early 1930s. At the latest national census (June 1981), it had recovered to 160,000.

Yet, in the view of Fred Hollows, a professor at the University of New South Wales, recent studies indicate that the Aboriginals are "destined to die out quite rapidly" because of an "horrendous cluster of hygiene-dependent diseases" threatening their existence. He says he has great fears that an epidemic of leprosy, similar to that which ravaged the Aboriginals of the Kimberleys and the Pilbara in northern Australia during and after the Second World War, is about to occur in central Australia.

Because of trachoma, a disease of antiquity, Aboriginal blindness rates are seven times those for white Australians. Other afflictions cited by Hollows include severe respiratory diseases, skin infections, rheumatic carditis, gonorrhoea, syphilis and hepatitis B. "In virtually all Aboriginal camps in central Australia," he says, "it is impossible to rear children in health." The life expectancy of Aboriginals probably is falling; already in New South Wales, it is about 48.5 years for an Aboriginal male, against 71.4 for whites.

"Aboriginals are Third World people in their own land," says Pat O'Shane, secretary of the NSW Department of Aboriginal Affairs. She says their unemployment rate is at least four times that for whites and that, by 1984, the estimated all-up need for houses for Aboriginals was 17,000 at a cost of A$1bn (£470m). Their median family income is only a little over half that of the national level.

The proportion of Aboriginals in prison is up to 14 times that of the total population. Part of the problem is an exceptionally high incidence of liquor-based offences including offensive behaviour and vagrancy. A common white view is that Aboriginals cannot handle alcohol because of the centuries of isolation that passed before they saw their first bottle. "We come from *generations of pisspots*," *says a former* pub proprietor in Alice Springs, "but the poor bloody blackfella, he's got no resistance to the stuff." In Arnhem Land, a tribal elder says: "If you take our land, you take our soul; and now our *soul is gone*, why shouldn't we have a drink?"

Always, the argument comes back to land. Not so long ago, a team from the World Council of Churches (chaperoned by an East German) visited Australia and summarised the cure-all view of Aboriginal land claims in this fashion: "The real solution to the problems of homelessness, unemployment, alcoholism, despair and exploitation is to recognise the land rights of the Aboriginal people and allow them to reconstruct their culture and broken communal life through their right to self-determination in their chosen way."

Progress is being made. Aboriginals now have freehold title to more than *6 per cent* of Australia's land. Another 3.6 per cent is in the process of being granted as freehold, or is set aside as reserves, or as leasehold with the same title as other landholders. Many sacred sites are protected, although controversies *arise* daily.

In addition to land, a cascade of mining royalties has been paid. Some of the biggest agreements include those covering the Nabarlek and Ranger uranium mines, and the Mereenie and Palm *Valley oil and gas projects, all* in the Northern Territory, plus the huge Argyle diamond mine in Western Australia. Very recently, a "breakthrough" agreement was signed in South Australia covering a A$32.5m oil exploration programme over 20,749 square kilometres of the Officer Basin, on the Pitjantjatjara lands. The licence is held by a consortium comprising Amoco Australia Petroleum Company, AP Oil, Crusader Oil and Quadrant Energy Development—the point being that shares in AP Oil, the Aboriginals' own exploration company, will be held in trust for the Pitjantjatjara.

"We have had to look at new ways to cope with companies wanting to enter and explore our lands," says Yami Lester, a blind Aboriginal elder who was at Wallatinna when the black mist rolled over the mulgas and who is chairman of AP Oil. "We knew it was inevitable *that the search for oil* would take place. A previous attempt to agree access with BHP (Australia's biggest company) failed in the face of their inflexibility and heavy-handedness. After that bad experience, we decided to take the *initiative* and apply *for the* petroleum licence ourselves. We shall begin to contribute financially at the production stage. We are very excited about this venture. We are full participants with a 20 per cent share. In addition, we have a primary agreement guaranteeing that our sacred places and our communities will not be interfered with by this work."

The best progress has occurred in the vast reaches of the Northern Territory, under the pioneering Aboriginal Land Rights (Northern Territory) Act of 1976. To a novelist like Thomas Keneally, the Territory is no monolithic state, no simple entity. It is a place of heat, flies, ochreous dust and sozzled aggression ("Eat More Beef, You *Bastards!*" *says* a car-sticker).

By the uranium escarpments of Arnhem Land, bulldozers dig a dam for a new mine "while two elders sing-up the death of the Aboriginal who gave permission for a Dreaming site to be desecrated by a mineral company." Yet, apart from land and mining royalties Aboriginals in the Territory now own several cattle properties, while the Gagadju Association owns a motel in Kakadu National Park. Last October, Australia's Governor-General handed to the Uluru-Katatju Land Trust the title deeds to the world-famous Ayers Rock: the area was then immediately leased back to white Australia. "We have always known we own Uluru," said Yami Lester, "but we wanted whitefella piece of paper."

Despite all the progress, however, the land rights movement is losing momentum. The Northern Territory Act is about to have its sting pulled—the Aboriginal veto over mining will go—while Canberra's Government has retreated from its pledge to introduce national land rights legislation that would have overridden that of the fractious states (two of which, Queensland and Tasmania, are noted for excessive foot-dragging on anything to do with land rights or Aboriginals).

The Government now hopes merely to encourage the states to proceed with their own legislation on the basis of Labor's preferred national land rights model, the principles of which include several that relate to mining and exploration on Aboriginal land. Labor denies *any betrayal of* its former *land* rights ideals, but the miners still are not satisfied. Their ideal is uninhibited access to every particle of land, Aboriginal or not; and perhaps they will get it.

James Strong, formerly executive director of the Australian *Mining* Industry Council, claims the industry in the Northern Territory has been "choked by rapidly growing obstructions to access for land for exploration"; and that land rights are compromising an industry that occupies a small fraction of 1 per cent of Australia's land mass, yet earns 44 per cent (A$11bn-plus) of its export income.

Land rights have not quite had their day, but there is a dawning realisation that while they have been pursued with cargo cult vigour, they have not magically transformed Aboriginal standards of employment, health, or housing. "Concentration on (land rights) has led to bad policy formulations and inadequate programmes for Aboriginals," says O'Shane, adding that Australia's original inhabitants are viewed exclusively as welfare recipients for whom there is virtually no niche along the great white way.

The Aboriginals' grief has been compressed into only a fragment of their time. They arrived in Australia at least 500 centuries ago. Arnhem Land contains the most ancient and prolific rock art in the world, *with artifacts* dating from at least 33,000 years ago. The first convict fleet—the white virus—anchored in Botany Bay in 1788. In 1988 a modern prosperous, bland Australia will mark its bicentenary, and toast its luck, with a flawed celebration. The sky still is falling down.

The Long View

Some salt for the seasonal forecasts

Hardly any published economic forecasts are honest enough to give one vital piece of *information*—their probable range of error. Anthony Harris explains and defines his Uncertainty Principle

WITHIN a day or two, you will be looking at economic forecasts with about the same eager appetite you would feel for another plate of cold turkey; so this column, despite its name, will offer only one forecast: you will take those forecasts which you do bring yourself to read more seriously than they deserve. (I'm afraid there is also a little morsel of cold turkey, but that comes later.)

You will take them too seriously because it is very hard not to. Fractional percentages look so precise, charts look so authoritative that it is hard to remember what it is they are actually telling you (a fact which is regularly exploited by financial advertisers: the information they give is usually accurate, but always keep an eye on the information they don't give). For example, hardly any published economic forecasts are honest enough to give you one vital piece of information: their probable range of error. If a single one of the New Year forecasts took the honest form—"We estimate that there is" (say) "a 60 per cent chance that growth next year will be between 3 and 3½ per cent," I might even take up shaving.

However, even if forecasts were honest in this sense, they would face another insuperable problem. It is rather neatly summed up by a friend of mine in New York. He has not only given up economic forecasting for technological forecasting, which he thinks is more reliable as well as more fun, but he refuses to admit that there is any such thing as an economic forecast. He will only call them "forecasts of the statistical economy."

That may sound like hair-splitting, but it is actually a way of stating two important truths. Nearly all the forecasts you will read are produced by feeding this year's statistics into a computer (known as "the model"), and forecasting what next year's statistics will be. But if the statistics omit interesting parts of the economy (as they do), and are inaccurate about the things they do cover (as they are), the result is bound to be misleading even if it is "accurate."

It is not worth wasting *space* on the well-known missing numbers—the black economy, and of course the criminal economy. Anyone who offers a supposedly serious estimate of the numbers involved is simply going in for a pompous sort of *guesswork*; but these unrecorded activities do circulate enormous sums of money, so that the model builders get uncomfortable surprises about some of the numbers that are recorded and forecast—spending, or saving or exchange rates. When markets seem to defy the forecasters, they are often responding to facts which the forecasters cannot know.

What is perhaps less familiar—and newspapers, which publish the official figures without the footnotes and reservations are partly to blame *here*—is a fact important enough to merit a paragraph of its own.

Most of the economic figures which are measured and published are grossly inaccurate, especially when they first appear.

Roger Nightingale, who is himself an economic forecaster for Hoare Govett, the stockbrokers, has a very useful obsession with this problem, and some of the figures he has dug up are quite startling. By comparing the numbers as they were first announced with the revised estimates which go on appearing for up to 15 years afterwards, he has been able to measure the officially admitted error. It is not trivial.

Gross National Product, the big overall number in which a lot of small errors ought to be self cancelling, is in error—and nearly always understated—by up to 7 per cent when it is first published. About half of this error is discovered and corrected within four years; the rest takes a decade to emerge.

You might think that if there is a systematic bias, it doesn't really matter but it does. Because the revision process is going on, the error creeps into things like growth rates, where we tend to compare this year's highly understated figure with a figure for last year that has been revised upwards and one for the year before which is getting somewhere half way to its final value, we understate growth.

And when we divide an inaccurate number — say for output—by a much more accurate one—say for employment—we will get a wrong estimate of *productivity*. *Hence the fact* that the 1983 productivity boom only crept into the official figures 18 months after the event. Add the fact that exports are under-rated by 2-3 per cent, and investment by more than 10 per cent, and you may begin to suspect that statistics are a conspiracy against national morale.

The official statisticians are, of course, trying to do better; but for the time being that only makes matters worse. We can't even rely on the bias. The CSO is like a golfer who has tried to tackle *his tendency* to pull by learning a new swing; but he won't get a really clear sight of where his ball went for another three or four years. The only comment seems to be "Fore."

You may still argue that there are at least some figures which we know accurately—the number drawing the dole, for example, or the note circulation. True; but not, I'm afraid, very helpful because of what I will patent as Harris's Uncertainty Principle, the more accurate the figure, the less it means economically.

Let me illustrate from that fashionable new number, MO, or notes and coin, give or take a little. The Treasury has announced that MO is very closely correlated with spending, as if they had just discovered it. But Lord Kaldor noticed the same thing 15 years ago, and thought it was a joke. Pointing out that it shows that spending determines money demand rather than vice versa, he concluded a celebrated lecture with the words: "I must congratulate Professor Friedman" (the great monetarist) "on having discovered the cause of Christmas."

Cold turkey, as I warned you.

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Blockbuster bids will remind us of 1985

BROWSING over back issues of the year's newspapers a dreadful old cliche springs to mind —merger mania. It may make you wince but the spate of blockbuster bids at the end of the year is what 1985 will be remembered for rather than June's collapse in share prices, precipitated by a £½bn rights issue from Hanson, or the headlong rush into equities in October and November which saw the market rise by an eighth in a matter of weeks.

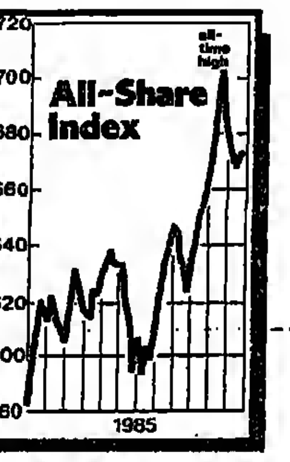
An orgy of takeover activity characterised the end of the year and almost £8bn worth of bids are now on the table, ignoring Elders' £1.8bn offer for Allied-Lyons which has been shunted off for a Monopolies reference.

Even allowing for the fact that the five largest bids of all time, lumping in the attack on Allied, will not be decided until 1986 the past 12 months has by far seen a record level of activity in terms of money and paper changing hands.

Indeed history suggests that a sharp increase in activity is typical of a market at the top. That is a logical enough trend. With share prices and ratings standing at record levels the temptation to use highly valued equity to capture a poor performing cousin in the industrial sector must be overwhelming to aggressive-minded executives.

But the reasons for the burst of acquisitions go deeper than that. The corporate sector has seen three years of strong profits growth, inflation is low and with a relatively cautious approach to capital spending, companies are piling up financial surpluses—£4bn in the first half of the year alone.

The third ingredient which has gone into the cocktail creating an urge to merge is the willingness of international bankers to provide vast sums of money for bidders to finance their ambitions. The bankers have latched onto the idea that lending cash to the likes of Argyll or Elders is a far safer



way of making money than shipping it out to Third World borrowers.

So the climate was all set for acquisitive entrepreneurs to bolster their empires with a few new subsidiaries while those who thought they might be a predator's target indulged in friendly mergers in attempts to make themselves too big to swallow. Imperial's cosy deal with United Biscuit's before Lord Hanson intervened is a case in point.

Takeovers, real and imagined, have spurred the market forward in recent months with the prices of more than a fifth of the top 100 companies said to contain some element of speculative froth. But in fairness this is only part of the reason for the solid performance of the equity market over the year.

Although the All-Share Index has slipped back by 4½ per cent from the peak of a month ago, share prices are still 15 per cent higher than they were at the beginning of the year.

That performance has been underpinned by a solid economic achievement, with 3½ per cent growth surprising the pessimists and an inflation rate that has been held to under 5½ per cent. The storm cloud to darken the picture has, of course, been interest rates which shot up from 9½ per cent to 14 per cent early in the year to defend sterling and have crawled back to 11½ per cent at a frustrating snail's pace.

Despite that, corporate profits growth has come out around 10 per cent. That is nowhere near as good as the 25 per cent advance of 1984 and lower than expectations at the start of the year. Nevertheless dividend growth has been held at high levels. Companies have paid out some 18 per cent more to shareholders this year compared to a record 21 per cent growth in 1984.

Dividend income has to be invested somewhere and healthy institutional cash flow has obviously played its part in keeping the market on the boil. And yet there was a constant stream of calls on the institutional purse. The Government played its part and although there was not a new privatisation in 1985 the Treasury coffers were swelled with £2.9bn from selling further shares in British Aerospace, Britoil and Cable and Wireless.

London

New entrants to the stock market raised a further £1.2bn while finance directors of existing quoted companies proved more than willing to tap their shareholders for extra funds at the slightest excuse, despite the strength of their bank balances. In the first five months some £2.5bn had been committed to rights issues.

Everything in the garden appeared rosy come the spring. On June 5 the All-Share Index stood at 644.21—10 per cent up on the low point of January 3.

But Hanson's rights issue was the case of one too many. Its £517m cash call, partly of straight equity and partly of convertible preference stock, was an all time record from an industrial company. Only BP, with a £624m issue in 1981, could claim to have taken more from its shareholders with a secondary issuing.

With hindsight we can all see that Hanson was preparing its war chest to have a go for SCM in the US but at the time the City was slightly perplexed.

So while Hanson's issue immediately met with a cool response in the specific sense it was also tipping the scales against the bull market. Although its rights issue was the largest, English China Clays was also asking for £86m, Taylor Woodrow wanted £42m while Christian Salvesen was launching itself with a £66m public offer and another BT call was due any day.

It all proved too much. Sixteen days after the All-Share tipped 644, shell-shocked dealers were trading prices 8 per cent lower.

But it was not funding pressures alone that had put the market into reverse. In the last week of June the electronics sector fell by 5.5 per cent leaving its actuaries index a third below the January peak. Share prices that had started the year on an aggregate earnings multiple of 17.4 —a 30 per cent premium to the market average—were trading at a p/e below that of the industrial average.

In fact some early earnings signs were already flashing in 1984 with the problems of the home computer industry where demand seemed to have evaporated overnight. In particular the once high-flying Acorn faced financial difficulties. Yet a year ago the weakness of home computers seemed isolated and, to a certain extent, just temporary.

By that fateful week at the end of June Acorn was still stumbling along, two refinancing packages later, but the market had come to realise that electronics faced more headaches than a reversal in the fashion for shooting down alien invaders in the tranquility of a lounge in Surbiton.

Gloom also surrounded industry majors such as Ferranti, Cable and Wireless, Plessey and even the mighty GEC. Stunned investors must have been wondering what had happened to their glamour stocks.

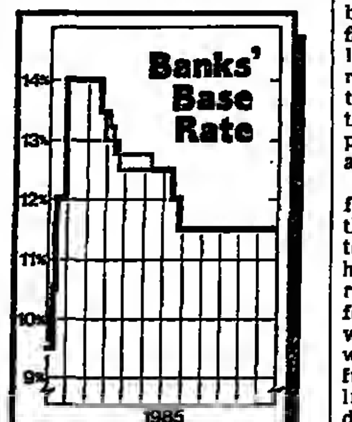
Two principal facts had sprung into the market's consciousness (albeit belatedly) that had dramatically changed expectations for future earnings.

A far tougher attitude by the Ministry of Defence and a new found aggression by a privatised British Telecom meant that some companies which had been quietly feeding at the Government's trough for years were about to be faced with cruel international competition.

The other important feature, which was already painfully obvious in the computer sector, was that over-supply throughout most product areas was about to shrink profit margins—and not just for a matter of months.

Not surprisingly, despite a couple of rallies, electronics walks away from 1985 as the worst performing sector with a fall, year on year, of more than a quarter.

After the shakeout in June the market as a whole looked fairly steady throughout the summer months but by the end of September the All-Share was still little more than 6 per cent up on the beginning of January and investors would have been better off leaving their money with their local authority for nine months.



Yet the climate was right for another surge forward. Cash calls on the market had virtually dried up, less than £200m had been raised in the third quarter, and institutional liquidity was building up. Also many of the analysts were arguing that the market was fundamentally undervalued in terms of earnings and yield while the less than fundamentally minded had the takeover rumour mills working day and night.

The charge forward to a peak of 702.06 on November 25 looked a little gung-ho and despite the continued enthusiasm in some corners of the City share prices looked decidedly volatile early in December although it took a decision by OPEC to go for volume and risk an oil price war to stop the market in its tracks.

The oil spot market went crazy, trading the price of Brent crude at $21.80 at one point—against a recent peak of over $30 a barrel—and the effect naturally spilled over into foreign exchange and equity markets with some alarmist talk that the Chancellor may be forced to jerk interest rates upwards to hold the pound.

The Government should avoid that particular pot-hole but any thoughts of a base rate cut can be shelved for a few months at least while the Chancellor's scope for those vote-getting tax cuts next spring looks a lot narrower than it did a few weeks ago—not good news for companies relying on UK consumer spending.

So right at the end of the year Opec managed to turn the market on its head. Suddenly sterling profits were not quite as attractive and the stores sector fell by a tenth in a couple of weeks—twice the setback of the market generally. But still the sector rates as one of the best performers of the year and one reason for that must be that it, more than any other area, has undergone dramatic change thanks to bid activity—which is what 1985 has been about.

Terry Garrett

PERFORMANCE OVER 1985

The following table shows the change in the FT 30-share index and its constituents over the year to date. The FT Gold Mines Index is also shown.

	Price y'day	Change since 31.12.84	1985 High	1985 Low
FT Ord Ind	1,123.3	+171.0	1,146.9	911.0
ASDA-MFI	142	−22	166	130
Allied-Lyons	265	+105	306	153
BICC	241	+ 4	270	185
BOC Group	287	+28	328	248
BTR	373	+66†	397	295
Beecham Grp	363	−25	390	283
Blue Circle Inds	573	+93	603	468
Boots	259	+63	276	162
Brit Petroleum	548	+81	603	473
Brit Telecom	229*	+43½	247	183½
Cad Schweppes	156	− 7	176	131
Courtaulds	189	+61	194	122
Distillers	500	+211	518	270
General Elec	166	−52	220	150
Glaxo	£15½	+ 4½	£15¾	£10¾
Grand Met	398	+83	405	277
GKN	257	+64	275	190
Hanson Trust	195	−29†	232½	177
Hawker Sidd	451	+22	456	360
ICI	747	+11	880	630
Imperial Grp	258	+81	271	162
Lucas Ind	480	+245†	483	227
Marks & Spen	174	+54	192	115
NatWest Bank	684	+86	722	568
P & O	445	+139	453	304
Plessey	174	−38	212	116
Tate & Lyle	533	+91	592	417
Thorn-EMI	399	−85	484	300
Trusthse Forte	158	+12	162	119
Vickers	300	+84	342	212
Gold Mines Ind	239.8	−239.1	536.9	217.6

† Allowance made for capital change. * Assumed fully-paid price.

Trickle becomes stream

THIS HAS been a year in which the celebrations marking the *fifth anniversary* of the USM have brought the spotlight to bear more than usually on the fledgling market's performance. It now seems an apt moment to review what has been brought to light and to take a look at the most outstanding share price movements of 1985—good and bad.

One of the most notable features of the year has been the high rate of new entrants to the market. The usual trickle has turned into a stream in recent weeks and taken the total for the year to 97, a figure which reflects the extent to which the USM is fulfilling its function as a nursery for growing companies. With only 21 departures during the year against last year's 32, the number of companies quoted on the market has risen from 270 to 346.

The apparent reluctance of companies to leave the USM partly reflects an imbalance between the number transferring to the main market this year and last. In 1984 a bunching of transfers took place in advance of the introduction of tougher rules for entry to the main market last January. But this is not the only factor; the USM has increasingly come to be seen as an acceptable market in its own right rather than as a mere staging post, and some companies are probably more inclined to hold off a move to the main market until they are certain of having sufficient stature to achieve distinction in the big league too.

Among the departures, 11 have moved up to the main market compared with 25 last year, and nine have been acquired (not including acquisitions pending) against six last year. One company—Thames Investment and Securities—had its quotation cancelled, the same number as last year.

The 97 newcomers to the market have been notable more for their diversity than for the predominance of any particular activity such as previous waves of new entrants have seen—for example, with the oil companies in the early days of the USM and, more recently, with the high-tech companies. But if any one sector has come to the fore it is the so-called people businesses, primarily involved one way or another with the media.

The past year has seen an unusually large number of these businesses coming to the market: Yellowhammer, FKB Group, Moss Advertising, Shandwick, TMD Advertising, Holmes and Marchant and John Michael Design are names which spring to mind.

Yet despite the growth of this sector, the year has brought signs of a decline in its popularity with investors. An increasing awareness of these companies' vulnerability to staff movements, together with the sight of some of the more outlandish multiples looking a long way into the future, has brought a downward rerating in the sector. It is interesting to note that none of the people businesses, new or old, features among the top ten share price gains this year.

To some extent this downward rerating of multiples, which observers attribute to a greater sense of realism among investors, has been a feature of the market as a whole during the year. The short-term effect of this phenomenon has been to produce a decline in the USM index against the FT-Actuaries All-Share: the market relative index, which measures the USM index against the FTA, is at 47 now against 54 this time last year.

This has not, however, been a wholly unwelcome development. The narrowing of the gap between USM and main market multiples, together with the greater diversity of companies now entering the USM, has led to hopes that the USM index's tendency to volatility will be lessened and that it will now mirror more closely the behaviour of the FTA.

An examination of the best and worst performing shares in 1985 clearly illustrates the difficulties which have continued to afflict

USM

UNLISTED SECURITIES MARKET

the electronics sector. Of the 10 worst performers, all but four fall into the computer-related or high-technology category. Their problems were discussed in this column last week.

The rest of the bottom 10 have run into a variety of difficulties. Entertainment Production Services, a video and audio tape business, suffered a slump in profits because of provisions made against fixed-price contracts it had entered into. Jebsens Drilling, the USM's only oil drilling contractor, turned in a loss at the interim stage because of overcapacity in the industry. Castle GB, a distributor of fitted kitchens, ran into losses in the face of tough competition and consequent overstocking. Fergabrook, the toys and leisure goods distributor, has had a poor reception for its products and last month warned of losses for the current year.

Looking at the top ten performers illustrates how high-tech need not necessarily be synonymous with disaster. JSD Computer Group has succeeded through staying out of products and in services: it hires out computer staff on contract and has made a remarkable recovery from a bad patch in 1983. Microfilm Reprographics, a microfilming business which has also recovered from losses in 1983, recently bought Datacom, a rival in the same field.

Sunleigh Electronics, a manufacturer and distributor of electronic and scientific equipment and the third high-tech company in the top ten, has not performed quite so brightly. Overcapacity and intense competition have led to a decline of profits and the shares have spent most of the year below their 10p par value. They only perked up in the last few weeks after a bid — later withdrawn — from Godwin Warren Control Systems.

Of the remaining top ten companies, Parkfield Group takes a clear lead with the 351 per cent rise in its share price. This is another turnround story: after losses in 1983 and 1984, the iron foundry and electrical distribution company has made a strong recovery under a new chairman. Earlier this month it reported profits up from £110,000 to £581,000 and announced the acquisition of J. Fisher, a toolmaker.

It is a little disappointing to note that turnrounds predominate in the top ten and that the fast-moving Thermal Scientifics, Blue Arrows and Body Shops of the USM world are nowhere to be found. All the top five gainers are recoveries from previously depressed levels.

Of the rest, EBC Group (formerly Exeter Building and Construction) has also seen a sharp upturn from declining profits, but there is probably also an element of bid speculation in the price following its recent defeat of a tender offer for 29.9 per cent of its equity from Kent Holdings. Technofan, a French manufacturer of aircraft cooling fans, has a patchy profits record, but there is optimism over its prospects as a supplier to Airbus Industrie.

The two most impressive growth records come from Alida Holdings and Inn Leisure: Alida, a packaging group, has emerged from rationalisation in the early 1980s and a management buy-out in 1983 to turn in profits last year of £1.25m. Inn Leisure, one of Britain's largest independent operators of pubs and wine bars, has benefited from expansion and refurbishment and earlier this month reported a 68 per cent rise in profits from £954,000 to £1.61m.

Richard Tomkins

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Blundell-Permglaze	200*	190	146	15.57	Reed Intl
Britannia Arrow	141§	143	131	212.45	Guinness Peat
Business Comptr	26½§§	25	20	1.56	Electronic Data
Charterhouse Pets	112§ §§	104	66	151.20	Petrofina
Clay (Richard)¶	214	215	164	19.25	St Ives
Cole Group	325§	321	240	9.78	Low and Bonar
Dean Park Hotels	58	55	54††	6.21	Queen's Moat Hses
Dew (George)	96§§	102	92	7.68	Bremner
Distillers	513§§	500	510	1.863bn	Argyll Group
First Castle Elec	148½	154	111	38.40	Morgan Crucible
French Kier	231	266	224	113.74	Beazer (C. H.)
Imperial Group	234§§	258	242	1.772bn	Hanson Trust
Kitchen Taylor	196§ §§	192	188	7.62	Scot Heritable
Needlers	166*§	160	150††	3.27	Hillsdown Hldgs
Pearce (C. H.)¶	694§§	675	725	26.20	Crest Nicholson
Petbow Hldgs	52½§§	51	48††	7.04	Anglo-Nordic
Plessey	161½§§	174	176	1.172bn	GEC
Pyke (Hldgs)	396	375	348	15.38	Hillsdown Hldgs
Sangers Photo	40*§	85	39	3.04	Mr J. Peace
Somportex	28½*§	155	37	0.79	Messrs N. Wray and C. Mattock
Sparrow (G. W.)¶	80	75	48	7.88	BET
Spencer Clark	140*	135	131	7.03	Williams Hldgs
Thomson T-Line	50*	106	48	0.50	Diamond
Towngrade Secs	32*§	37	37	1.67	Milbank Dev
United Biscuits	322½	239	278	1.308bn	Imperial Group
Yarrow	414§ §§	510	485	11.88	Weir Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on December 27 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bradstock	Sept	3,030	(1,750)	14.5	(—)	3.75	(—)
Ferguson, J.	Mar	172L	(179)L	—	(—)	—	(—)
Munton Bros	June†	1,150	(330)	—	(—)	—	(3.0)
Safeway Foods	Sept	31,200	(27,900)	—	(—)	—	(—)
Wheway	Sept	332L	(903)L	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Astra Hldgs	Sept	121	(35)	—	(—)
Berisfords Grp	Sept	130	(315)	1.55	(1.55)
Firth, G. M.	Sept	1,060	(305)	0.45	(0.18)
Forminster	Oct	623	(611)	2.03	(2.03)
Harris Philip	Sept	411	(292)	3.75	(3.0)
Jantar	June	55	(—)	—	(—)
Lees, John J.	Sept	101	(66)	0.5	(0.45)
May & Hassell	Sept	152	(1,100)	—	(—)
Rexmore	Sept	314	(270)	0.4	(0.68)
Rotaprint	Sept	384L	(443)L	—	(—)
Sutcliffe Speak	Sept	270	(220)L	—	(—)
Zygal Dynamics	Sept	211L	(182)L	—	(—)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share except where otherwise indicated. † Figures for 14 months. L Loss.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Ferguson, James—Placing of 6m shares at par.

Sigmex International—USM placing of 2.4m shares at 101p.

SIR ALISTAIR FRAME of Rio Tinto-Zinc

MR RUDOLPH AGNEW of Consolidated Gold Fields

Mixed feelings as new year dawns

ANOTHER Christmas past and we now wait in the wings for the curtain to rise on a brand new year. Feelings are mixed, particularly in the mining industry, which has had its full share of disappointments so far in the 1980s. Once again, let us read the thoughts of some of the leading actors in the play.

We start with Allen Born, president of America's Amax diversified natural resources group, who is about to take over as chief executive officer on the retirement of Pierre Gousseland. Mr Born writes:

"The US mining industry has gone through four years of recession. For some of its members, these have been the worst years since the depression of the *1930s*. The prospects for immediate improvement based on external factors alone are poor. Mining companies cannot just sit and wait for better times.

"Despite recent weakening of the dollar, dollar-denominated prices for metals stay near all-time lows while real interest rates remain at or near record *highs*. Foreign-produced commodities, important sources of foreign exchange for many governments, continue to pour onto the market, even at uneconomic levels.

"Many of our customers are in an unhealthy state. Thus, there is little reason to expect any market change that could raise metal prices in the medium term.

"On first glance, this appears to be a picture of unrelieved gloom. Yet, I believe predictions of the demise of North American mining and metals industries are dead wrong.

"Today, there are three options for immediate survival and ultimate prosperity for companies in those industries: (1) sell off non-core assets; (2) cut costs to the absolute minimum: (3) develop other income sources.

"I believe that the future belongs to the low-cost producer. To Amax, this means concentrating our resources and technology where we can be in the lowest quartile of world production costs. We are in the process of disposing of everything that does not meet this test or cannot provide an adequate cash return to the company.

"We are paring operating expenses to the bone and applying proceeds from asset sales to improve our balance sheet. Already, our financial reserves are assured for several years.

"*Finally*, we are moving into low-cost gold production and developing plans to enter higher return, higher growth businesses.

"We have put in place most of the actions that will result in the revival of the company, even if things get worse. While the leverage that comes from being a low-cost producer will *boost our earnings if commodity* prices rise, we are not relying on that in our planning."

● Now to Rudolph Agnew, chairman of Consolidated Gold Fields. He says:

"At the beginning of the year, there were some mildly optimistic signs of improvement: at year end, it is obvious that these have been only partially fulfilled. For 1986, the outlook is no clearer and tempered by concern for the consequences of weakening oil prices and currency and interest rate movements on the world's economy in general.

"During the past few years, a considerable volume of uneconomic mine capacity has closed in response to subdued demand and weak prices, but the pace of closure has proved insufficient to redress the balance.

"In the first place, mines have made dramatic efforts to cut costs by all means at their disposal. Second, currency depreciation in many of the world's producing countries has reduced costs in US dollar terms.

"The entire mining cost curve has therefore shifted downwards which, in combination with the disincentive of the high social costs of closure, has enabled many mines to survive. The period of painful re-adjustment to the true conditions of the market place has yet to be completed.

Under these circumstances, I would view the outlook for 1986 with great caution. The gould price is likely to remain close to the levels at which supply and demand are in

Mining

balance, much as it has for the past year.

"The dollar price responded partially, but not fully, to the fall in that currency during the course of 1985. It will probably require a sharper, less controlled depreciation in the dollar, combined with a fall in real interest rates, to provike more positive investor interest.

"For base metals, the trends could be more diverse. The fundamental situation within the copper market has improved and the price has recently responded more positively. Developments in the US economy during the course of the year will dictate whether this improvement can be sustained.

"For the other base meals, the outlook is less encouraging. The tin market has some very major problems to overcome, and for lead and zinc, oversupply will tend to dampen prices."

● Finally, Sir Alistair Frame, chairman of Rio Tinto-Zinc Corporation, writes:

"Political influences on mineral markets the world over have again been to the fore in 1985. In troubled South Africa, the mining industry's long term interest is in substantive social and economic reforms being speedily implemented.

"In the short run, however, South Africa's problems will not directly affect most metals, whereas the collapse of the International Tin Agreement undoubtedly has.

"In retrospect, the tin crisis may prove to be the turning point which the metals industry has long awaited. Its repercussions overshadowed most other developments in the last quarter of a somewhat *disappointing year in which* metal markets failed to live up to their earlier promise.

"Largely in response to the slackened growth of economic activity, especially in North America, there was a mild general retreat of demand from 1984's high ground. On the supply side, the entire industry has managed some spectacular, if often temporary, cost reductions.

"Output has, however, again proved rather too flexible in the face of changes in demand. Governments throughout the world are all too willing to sustain employment and export incomes from apparently uneconomic facilities.

"The long predicted weakening of the US dollar has so far had little, if any, beneficial impact on dollar denominated metal prices.

"If 1986 proves, as widely expected, to be another year of modest economic achievement for the industrial countries, then demand for metals, and their prices, will continue to drift without any pronounced trend.

"Yet, the underlying statistical balances are becoming more favourable for several metals, and a shift in inflationary expectations might produce at least a temporary surge in their prices."

Kenneth Marston

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.75	5.83	4.58	3.33	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	8.06	8.31	6.53	4.75	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.33	8.50	6.68	4.86	half yearly	1	2,500 minimum	0
Schroder Wagg	8.04	8.34	6.55	4.77	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	11.15	9.01	7.80	6.60	half yearly	4	—	0
10% Treasury 1990	11.21	8.49	6.95	5.40	half yearly	4	—	0
10.25% Exchequer 1995	11.02	8.02	6.40	4.79	half yearly	4	—	0
3% Treasury 1987	8.43	7.64	7.16	6.69	half yearly	4	—	0
3% Treasury 1989	8.54	7.64	7.10	6.56	half yearly	4	—	0
Index-linked 1988¶	9.18	8.53	8.17	7.82	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

The cautious will be envious now

Wall Street

IN THEIR wildest dreams, investors could scarcely have imagined a more exciting environment than the Wall Street of 1985. They have experienced all the thrills of participating in a runaway bull market, takeovers galore, and some of the biggest bid battles in history. Virtually every month, a record of some sort has been sent tumbling.

To a large degree, this frenetic action results from a pronounced shift in perceptions about the looger term prospects for the US economy. Back in 1984, when share prices drifted largely sideways, there was a high degree of uncertainty on Wall Street, especially over the questions of inflation and interest rates. Many investors could oot believe that ioflatioo had been tamed, and they expected interest rates to slide back up at the first hint of pressure on prices.

In 1985, for the first time in many years, Wall Street has responded with growing confidence to the feeling that both of these old bogeymen have lost their teeth. The consequence has been a continuing reassessment of the value of financial and corporate assets.

The changes on a year-on-year basis are enough to excite extreme envy in anyone who decided tc play the markets with caution in 1985. Equities, as measured by the Dow Jones Industrial Average, have risen more than 300 points, or over 25 per cent, from 1,212 at the end of last year to around 1,525 at the moment—having momentarily topped the 1,550 level.

The broader Standard and Poor's 500 measure is up in percentage terms slightly less, but has now conviocingly sbattered the 200 mark which looked so impregnable a year ago wben tbe index stood at 167.

Do these healthy gains over the past year mean that most of the fun and games are over in the equity market? On Wall Street, there are two mainline cases now being made, neither overly pessimistic and one frankly bullisb. The most optimistic appraisal was laid out by Merrill Lynch this week in the following manner Stock prices, it said, were likely to move to new highs because:

- The economy was in good shape and was likely to show steady growth of at least 3 per cent in 1985.
- Inflation remained subdued, with prices advancing at around 3.4 per cent against an expected 3.5 per cent this year.
- Interest rates bould "hold in a very narrow range," helped by the recent legislation calling for an eventually balanced Federal budget.
- The dollar would continue to decline by about 10 per cent on the year, belping US companies that compete in world markets.
- The restructuring of US companies would produce more efficient competitors generating bigher profits — Merrill expects corporate earnings to be up around 14 per cent.

A more guarded appraisal came from Goldman Sachs, which sees little danger and some reward in equities over the short term, but some looming longer term questions.

Goldman says that improving economic activity, the easier trend in interest rates and continuing corporate restructuring add up to a healthy environment over the near-term. But it sounds a warning bell over "fundamental excesses that could bring abont a severe economic recession and a harsh bear market."

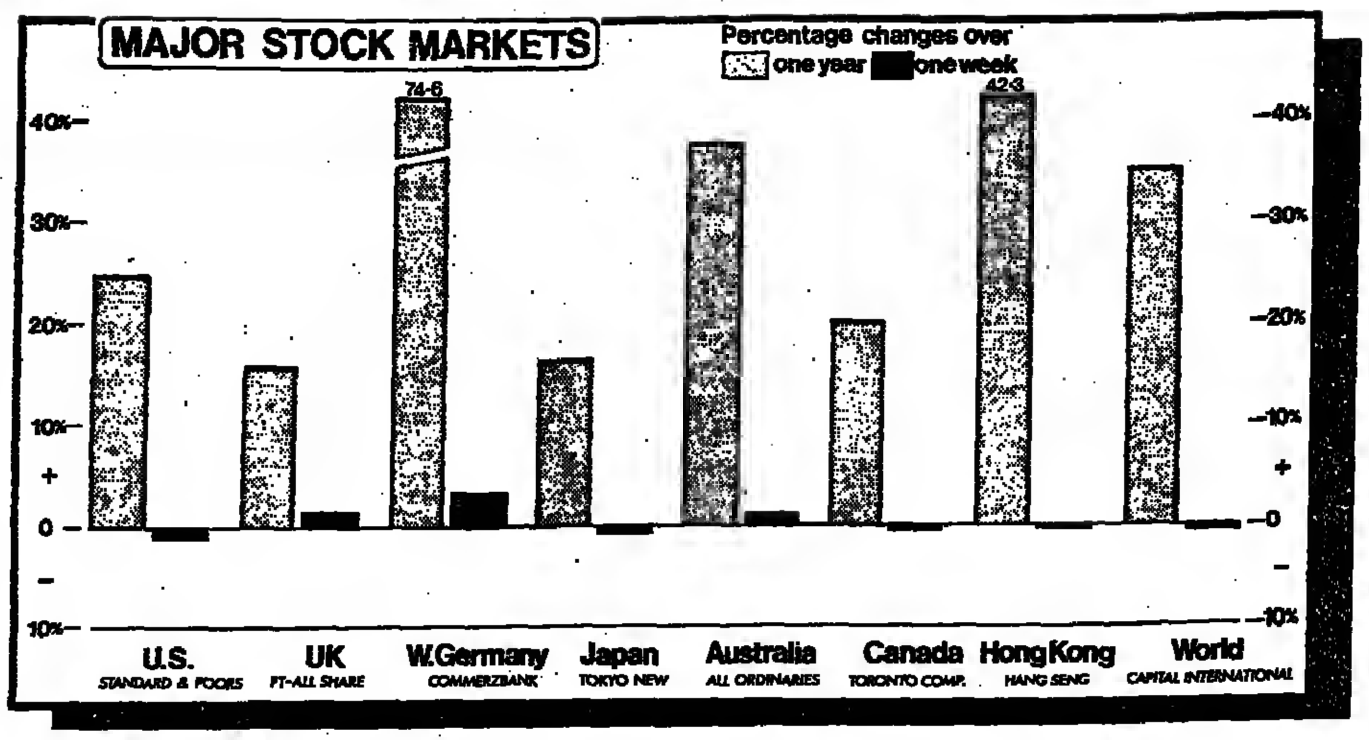
These include, it says, tbe continued large structural budget deficit, the reliance on foreign savings to fund that deficit, tbe unusual debt created to finance share repurchases, leveraged buyouts and cash mergers, and the loss of market share in the manufacturing sector.

This titany of ills is a useful reminder that the US has by oo means managed to return to the benign period of sound, non-inflationary growth experienced in the golden years of the 1950s and 60s. As Merrill points out, price earnings multiples are still at moderate levels compared to those years, when p/es were in the high teens and briefly—in 1961—topped 20.

Today, at about 13 times estimated 1985 earnings, the multiple on the S and P 500 is giving a fair indication that tbe high inflation years of the late 1970s, when p/es fell to around 7, are being put firmly behind the market. But no one is as yet daring to suggest that the kind of Investment world of 20 years ago is just around the corner.

Monday	1528.78	−14.22
Tuesday	1519.15	−9.63
Wednesday	Christmas Day	
Thursday	1526.49	+7.34

Terry Dodsworth



Vienna's sleepy bourse awakes

Austria

IN A YEAR when Austria's international image has been badly dented by successive scandals and the spectacular losses of some of its most important industrial groups, tbe Vienna bourse bas provided an unexpected bright spot.

After years of a semi-dormant existence the bourse has woken up and outperformed every other exchange in the world this year, with its official index rising by more than 126 per cent. The bourse index (base end 1967) has soared to close on December 23 at 270.59 after reacbing a record high of 283.34 earlier this year. It was at 119.58 at the end of December 1984.

The most spectacular increases were registered In the first half of the year. Share prices then stabilised over the summer to rise again although less dramatically In the autumn.

The bourse's performance is attributed to several factors. Foreign investors appear to have noticed before their Austrian counterparts that despite its small size, the Austrian market offered scope for safe and worthwhile investments. Foreign interest spurred demand from the traditionally cautious Austrian investors. They were further encouraged by tax reforms in favour of investment in shares and the introduction of new share issues.

Analysts say that a further impetus was provided by the realisation that Austrian sbares were undervalued compared with those in other international markets. This drew more foreign investors and because of the bourse's small size the new demand had a dramatic impact on share values as well as boosting trading.

The results have been spectacular. Dr Karl Pale, president of the bourse and chairman of the girozentrale bank, says the total turnover in Austrian shares rose to Sch 11.7bn ($654m) in the first 11 months of this year compared to Sch 1.8bn for the same period in 1984. Shares worth Scb 5.7bn were traded on the Vienna bourse itself in the first 11 months of this year compared to about Sch 1bn in 1984.

To cope with such an increase in activity the bonrse is introducing several small reforms which will become effective from the beginning of 1986. Trading hours will be lengthened by half an hour from 11 am until 1 pm local time. The limit on the movement of share prices on eacb trading day will be raised from 5 per cent to 10 per cent for new shares during the first week of trading to allow for more realistic prices to be set. The possibility of extending the new 10 per cent limit to all shares is also being discussed.

From next year the bourse will end the practice of quoting shares in terms of percentages of their nominal value — now used only on the Madrid stock excbange — and the quotation system will be switcbed to unit prices.

New tax rules coming into force in January will effectively put an end to donble taxation for manufacturing companies. At present, a company pays corporation tax on profits and sbareholders pay tax on dividend income. This bas acted as a disincentive for companies and investors alike.

The new regulations will also allow investors to deduct up to Sch 40,000 a year from taxable income, depending on the nominal value of new shares bought.

All of this is expected to provide a further boost for the bourse although analysts do not expect sbare prices to climb at quite the same spectacular rate as in 1985. But all are agreed that 1986 will be another good year.

In 1985 the best performers were insurance companies, breweries, paper manufacturers, magnesium producers, and the banks wbose sbares are always in steady demand. New shares for two Austrian companies, Jungbunzlauer (a bio-technology group) and Lenzing (a leading producer of viscose and modal fibres) have also done well.

Among insurance companies, sbares of the Erste Allgemeine Versicherung, the most popular of the insurance companies, recorded tbe largest increases rising from Sch 567 at the cod of last year to Sch 1,950 on December 23. Some analysts believe that these are still underpriced and predict a further rise next year.

Other star performers Include Leykam-Murztaler Papier und Zellstoff whose sbares rose from Sch 118 in January to Sch 493 on December 23, and Montana AG, a diversified holding company, whose shares rose from Sch 307 in January to Scb 3,190 on December 23.

Of this year's two newcomers, Lenzing did best with the price of a nominal Sch 100 sbare rising from Sch 420 on September 19, the first day of the issue, to a closing price of Sch 830 per sbare on December 23. Shares in Jungbunzlauer, which is majority owned by Montana, rose from their issue price of Sch 39,000 per nominal Scb 1,000 share on September 20 to Sch 42,000 on December 23.

Stock exchange enthusiasts in Vienna believe that the bourse may now have gained a sufficient impetus to expand into an attractive international market. Despite the crisis in the state-owned indnstries the economy continues to perform well and the present Government is more sympathetic to investors than its predecessors. In these circumstances, the stock market should stay buoyant for some time.

Patrick Blum

Progress at last after eight years

Options

AFTER a probation period of eight years, London's traded option market finally showed some positive signs of progress. Tradiog activity rose to an average 15,000 contracts per day by the end of the year. Premiums paid reached £500m aod the open interest, the measure of how many contracts are bought, exceeded 250,000 in December.

At the beginning of the year there were quoted traded options in 29 equity stocks, one gilt, and the relatively new FTSE 100 index. Now, the exchange has expanded this to 34 stocks, three gilts, the index and a new option in sterling/dollar exchange rates.

The gilts, the index and the exchange rates bave performed only modestly, however, and the key to volume growth has beeo the standard stock options. In a busy "bull" year, ending with a market rife with takeover speculation, options business rose sharply.

The Stock Exchange plans to introduce yet more traded option stocks, with one additional stock per month in 1986 taking the total to almost 50. David Steen, chairman of the exchange's options panel, has forecast that traded options will reach an average of 30,000 contracts per day by the end of next year.

The ending of single capacity and the greater spread of market-making risks is bound to increase the demand for means to offset those risks through the options market. An increase in activity would also benefit the average investor by making prices more efficient and allowing an investment to move into profit sooner.

The big "if" is the tone of the underlying market. New contracts are helped by a strong bull market, but any marked bear phase could push options back to the sidelines. This is a market where big speculative gains can swiftly be turned into painful losses.

Several successes stand out in 1985. After a quiet start, the London finacials markets were bit by a sharp setback in sterling against the dollar. Dollar-linked stocks such as Jaguar soared, taking options with them. Gains of 500 per cent were recorded in Jaguar "calls" between January and February, for example.

In summer, problems in South Africa resulted in substantial falls of gold shares, Cons Gold, Vaal Reefs and the De Beers conglomerate fell by 20-30 per cent between June and September, giving put option buyers (who buy the right to sell the stock) hefty gains.

In the meantime, the dollar/sterling option had been introduced. Brought on quickly ahead of a similar contract on the London International Financial Futures Exchange (in the subsequently mistaken belief that this particular race would go to the swift), tbe contract suffered from the lack of an immediately appealing market in the stock exchange, and from competition from other international exchanges and an increasingly efficient interbank option market.

Back in equities the market was entering its strong bull phase in the second half, which took the FTSE 100 index up over 200 points from the mid-1,200 to over 1,400 between July and November.

Options to buy the index at 1,350 in December were quoted at just £100 each when the market was around 1,235 in July. By late November, when the index was over 1,450, that same option could be sold back to the market for more than £1,000. Such gains in a generally active bull market encouraged more speculative interest in this contract.

By the end of the year, however, the activity in the Stock Exchange was centered on picking takeover targets. Courtaulds, Imperial Group and Racal all attracted option attention. Imperial, in particular, provided option players with two bites at the cherry, starting with its summer announcement of the sale of its troubled Howard Johnson hotel group in the US. This had been a drag on Imperial's performance for some time and the news boosted the share price from under 170p to over 190p.

Alert option players bought calls here, and made reasonable gains. The really astute players also sensed that without HoJo the group was a much more attractive takeover prospect. The share went to over 250p and option buyers could theoretically have made a 1,000 per cent gain in four months.

John H. Parry

IN THE NEWS

Holborn theme plays on at the Pru

"CONCEPT" unit trusts with a theme to their investment policy have often proved short-lived—who now remembers the Motorways fund? But the Pru has not been put off from launching a new Holborn unit trust to invest in communications.

"I don't see this as an industrial trend that is going to grind to a halt," says Trevor Pullen, the Prudential's investment director. He points to the wide range of companies in the communications field, from advertising and data systems to fibre optics and satellites, that the new fund can invest in.

Leisure funds—the last wave of concept funds—found that they did not have enough companies to choose from, according to Pullen. But he says that will not be a problem for the Communications trust.

Pullen expects the fund to be less active at trading than the last fund launched in the Holborn series, Special Situations, and, in the long run, to be less volatile.

Units will be offered at an initial fixed price of 50p, with an estimated strating yield of 1.25 per cent. The minimum investment is £1,000 and the annual management charge is 1 per cent.

●

UNDETERRED BY persistent reports that the Inland Revenue is planning to "attack" schemes aimed at mitigating capital transfer tax, mutual life office Clerical Medical and unit trust group Fidelity International this week launched a discounted gift and income plan.

It is a virtual carbon copy of the modern PETA (Pure Endowment and Term Assurance) primarily marketed by Legal & General with same kind of discounted value rates, based on a formula agreed with the capital taxes office of the revenue.

However, Clerical Medical claim its scheme is more competitive, with a more generous allocation of units—101 per cent is offered for the minimum investment of £10,001 and 102 per cent for investments of £20,000 and above. The company also claims that the plan includes its traditional more favourable treatment for joint life policies.

●

British Telecom has bowed to criticism and is introducing a scheme to allow married couples to use all the telephone bill vouchers they are entitled to as shareholders. It will now issue interim phone bills on request to shareholders who would not otherwise be able to use all their vouchers.

A husband and wife who each bought 400 or more BT shares when they were first offered last year may have received two £18 vouchers each to use for paying their phone bills. Only one voucher may be used for each bill.

Some telephone subscribers, however, will receive only three bills before before April 25 1986, when the vouchers expire, and might not have been able to use their fourth voucher.

If you face this problem, ring British Telecom on 0345 010505, or 0345 010707 and ask for an interim fourth bill to be issued to you.

Year of ups and downs

George Graham reviews the high (and low) points for private investors during 1985.

January
Bank base rates climb to 10.5 per cent, then 12 per cent, then 14 per cent . . . Mortgage rates follow suit, rising by 1 to 1.25 per cent, but building society investment rates gain only 0.75 per cent . . . Natwest launches the Special Reserve high interest account, which has since attracted £1.5bn . . . The Government publishes its White Paper on financial services and investor protection.

February
National Savings 30th Issue of savings certificates, paying 8.85 per cent tax free goes on sale . . . Lloyds Bank launches its version of the High Interest Cheque Account . . . The Chancellor puts a stop to bond-washing, by imposing income tax on the accrued interest element of gilts.

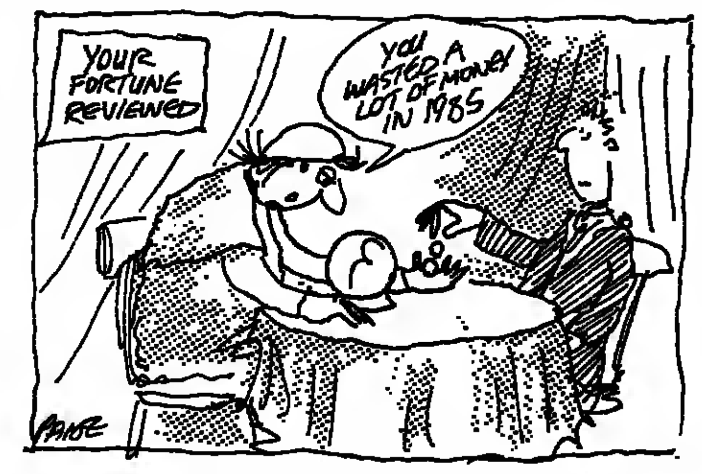
March
The Budget brings a sigh of relief from employees on the point of retirement, by not taxing pension lump sums. . . Capital gains tax rules all change, with an extension of indexation. . . Bank base rates drop to 13.5 per cent, but the mortgage rate goes up another 1 per cent.

April
Marks and Spencer accepts credit cards for the first time, but only its own Chargecard. . . Banks come into the Composite Rate Tax net, and join the building societies in having to pay interest net of tax . . . The clearing banks leapfrog each other down to a base rate of 12.5 to 12.75 per cent.

May
British Aerospace shares go on sale at 375p, with a 200p down payment. . . The Prudential, the UK's largest insurance company, unleashes its direct sales force with a new range of Holborn unit trusts. . . Sun Life launches 11 new unit trusts in one go.

June
The Government publishes its Green Paper on social security, promising to phase out SERPS. . . . National Savings abandons the old "granny bond," and introduces the new 3rd Issue Index-linked certificate. . . . Millions of investors cough up the second instalment on their British Telecom shares.

July
Bank base rates come down again, to 12 per cent. . . The Government announces the end of capital gains tax on gilts. . . . Nationwide and Woolwich Building Societies announce plans to merge. . . . 1985 Finance Act receives royal assent.



August
Building societies cut their mortgage rates. . . . Small investors rage when their applications for Britoil shares are scaled down to only 100 or 150 shares each. . . . The Bank of England jumps on Kleinwort Benson for offerings mortgage loans for purposes other than house purchase.

September
Interest rates on mortgages become more transparent as building societies are now compelled to quote annual percentage rates (APRs) . . . Stockbrokers Quilter Goodison opens up its "share shop" in the Debenhams department store . . . The German bandwagon starts rolling, as GT and Brown Shipley launch unit trusts investing in Germany.

October
Alliance and Leicester Building Societies merge . . . National Insurance costs rise sharply for higher paid employees . . . Banks reduce their home loan interest rates, trailing both the building societies and their own base rate cuts . . . The fund of funds rides again, as the Department of Trade and Industry authorises unit trusts to invest in other unit trusts.

November
National Savings' new Indexed Income Bond arrives on the scene to howls of derision . . . TSB has to postpone its stock market flotation after problems with the Scottish courts . . . Laura Ashley gets its flotation off with a bang . . . Woolwich and Nationwide call off their courtship.

December
Takeover fever strikes Allied, Distillers, British Home Stores and Imperial . . . NatWest, Barclays and Lloyds follow the Midland into free banking . . . The Government publishes its White Paper on social security and reprieves Serps . . . A year of City scandals ends with a new plan for investor protection in the Financial Services Bill.

George Graham

Education

Taking students for granted

STUDENTS and their parents have this month been dealt a double blow from Mrs Thatcher's Government.

As part of his proposed shake-up of the social security system, Norman Fowler wants to remove students from dependence on social security benefits. In the earlier Green Paper on social security, the Government said its long term aim was to return to the former position where students were helped "by grants, by their families, and by their own vacation earnings."

As a first step, the Government is to exclude students from eligibility for unemployment and supplementary benefit during the short vacations; to stop paying housing benefit to those in halls of residence; and to limit the amount paid for rented accommodation during the long vacation if the student does not live there. In addition, student claims no longer will be reassessed six times a year.

Simultaneously, but rather more quietly, Sir Keith Joseph announced that the rise in student grants for the next academic year will be smaller even than for this one. Next year's grant rise again will be well below the rate of inflation —only 2 per cent against 3 per cent this year.

Over the past five years, the Government has cut the value of student grants repeatedly; in real terms, the value of support for students has fallen by as much as 20 per cent since 1979. Next year, the maximum grant for students studying in London and living away from home will be £2,208.30, after an increase of only £42. For those studying elsewhere the rise will be £36, providing a grant of £1,866.60. For students living at home, the new grant will be £1,509.60.

The Government's aim of taking students totally out of the welfare system could cost the average undergraduate £500 a year. The initial move to end their short vacation benefits would mean a loss of up to £300 a year for those living in the London area, and up to £153 for those studying elsewhere. More than a quarter of the 335,000 students who receive grants claim these benefits.

The Government puts the amount claimed in supplementary and unemployment benefits at £4m, and the total housing benefit claimed by those in halls of residence at £5m.

Under the present system, it is assumed that every student's grant includes a sum towards their housing costs—£20.80 a week if they live in London and £15.75 if elsewhere. If their weekly rent amounts to more than this, they can claim back the difference.

In addition students who are available for work during the summer holidays can claim up to £29 a week supplementary benefit plus the cost of their rent, rates and wafer rates. During the shorter vacations, those students who are householders—i.e. responsible for the tenancy, even if this is only one room—are eligible for £2 a week supplementary benefit plus their rent, rates and water rates.

Since the initial announcement, the Government has said that the removal of these benefits will be compensated partially through the grant system. But apart from the fact that the amount available to students is expected to be less, the very fact that it will become part of the grant means that it will also be means-tested.

The Government aims to save £20m, including £5m in administrative costs by replacing benefits through supplements to the support grant.

This inevitably means a greater financial burden for parents. The National Union of Students (NUS) calculates that the parental contribution to supporting their children in higher education will be increased by around £4.5m as a result of the Government's moves. Most of these parents already are being forced to increase their contributions to their children's higher education following other cutbacks implemented at the beginning of the present academic year.

This has meant that any student whose parents' residual income (gross income after deducting certain allowances such as mortgage interest and superannuation contributions) amounts to £17,500 and over in the previous financial year gets no grant at all; while parents with a residual income of £12,000 and over all are having to make a greater proportionate contribution than before.

In many cases, their contribution is already as high as 15 per cent of their net income, even before this week's announced cutbacks.

The NUS has reacted angrily, claiming that the combined moves will price people from ordinary family backgrounds out of higher education and that only those whose parents can afford to support them through college will be able to attend.

The NUS is seeking student and parental support for its plans for "intense" lobbying and what it describes as "political harassment." It will concentrate on an estimated 50 marginal constituences where the student vote is significant, urging all elegible undergraduates in them to register as voters.

Students and parents are being urged to back the NUS in its proposed campaign and lobby their own MPs. Parents who want to find out exactly how the Government's latest moves will affect them can get ful details by sending an SAE to the NUS at 461 Holloway Road London N7 6LJ.

Meanwhile, any parents who do not already finance contributions through a deed of covenant should do so as quickly as possible. The tax benefits mean that every £100 going towards a child's higher education will cost you only £70.

Margaret Hughes

Double sting in pensions reform

THERE ARE two aspects in the pensions reform White Paper, neither of which occupies more than a single paragraph, that are likely to arouse more opposition from individuals than the rest of the proposals put together. The first relates to reducing the period for compulsory preservation of pension rights from five years to two.

At present, an employee changing jobs after less than five years can take a refund of contributions paid if the scheme rules permit. This is the only time under which an employee can get cash out of the pension scheme before retirement. If the length of service is more than five years, no refund is allowed by law.

The repercussions will be on those employees, most of them married women, who use the pension scheme as a form of "piggy bank." They change jobs before the five years are up and their contributions get full tax relief. The refund of gross contributions is taxed at 10 per cent.

The change proposed in the White Paper could mean an even more frequent job turnover, but this is not all. If employees change jobs between two and five years, they can be forced by the employer to take a transfer payment. If they do nothing, the employer can use this value to buy them a Section 32 annuity.

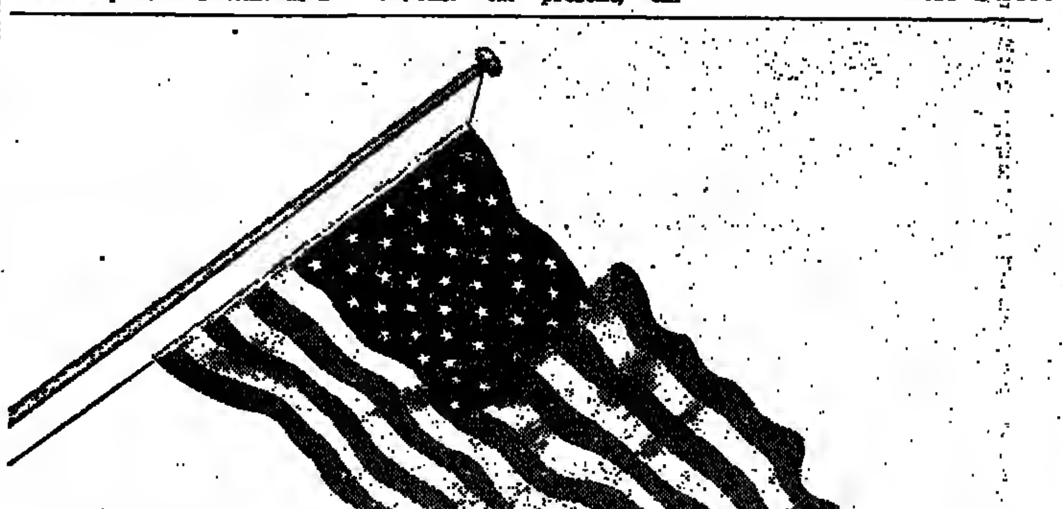
The aim is to stop company schemes being cluttered up with large numbers of small, deferred pensions, but the rationale of the change is difficult to understand.

The other change proposed in the White Paper concerns Additional Voluntary Contributions. At present, employees can make AVCs only if their company scheme has provision for it. There was wide support during the pensions discussions for AVCs to be freed so that employees could make their own arrangements.

However, the White Paper proposes simply to make all schemes provide an AVC facility, which for the big schemes is simply pushing an open door. Although employees will be able to take out AVCs, they will have to be what the trustees offer.

So, if the AVC arrangement is a building society scheme, employees have to accept, even if they wanted to invest in equities through unit trusts. The only alternative is for employees to persuade trustees to offer a choice of AVC schemes.

Eric Short



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Calm waters for crossing the Styx

It is more than 10 years since CTT replaced estate duty. Estate duty was a tax levied only on death; CTT on the other hand applies both on death and to lifetime gifts, and it applies cumulatively. Thus, the value of gifts now will be added to the value of future gifts, or of your estate on death, in working out the tax payable on those subsequent dates.

You may question, therefore, whether there is any point in parting with your assets now: why pay the Inland Revenue ferryman for your Stygian crossing before your time has come? The sting of death, however, at least for the survivors, is often in failing to treat estate planning as part of an ongoing, long-term process.

Subject to a variety of exemptions and reliefs, CTT is charged on death on the total value of your estate. For lifetime gifts, the charge arises on the amount by which the value of your estate is reduced. It may arise, therefore, on a pure gift, a sale at an undervalue or a failure to exercise some right. However, there must be a gratuitous intention underlying the disposition.

Because what is taxed is the reduction in value of your estate, it is not always correct to take the value of what you give. If you own 55 per cent of a company and give 6 per cent of it to your son, the value taxed will be far more than that of a 6 per cent minority interest because the gift will also deprive you of your controlling interest. Certain unquoted shares and controlling shareholding interests, together with other business and agricultural property, *do qualify* for relief under which only a proportion of their value is taxed.

The agricultural and business property relief applies both for lifetime gifts and on death. However, the essential reasons for planning ahead, both generally and in relation to such *property*, are *threefold*:

(a) gifts made more than three years before death are taxed at *half* the rate of those *made* on death or within three years of it;

(b) the cumulative principle described above only extends to transfers made *within* the *preceding* 10 years;

(c) the annual exemption if regularly used can transfer quite substantial amounts over a period of time.

Currently, the first £67,000 of taxable transfers do not attract any tax liability; above that the rates increase progressively to 30 per cent for lifetime transfers and 60 per cent on or within three years of death for cumulative transfers over £299,000. The annual exemption stands at £3,000. Thus, one could give away now assets which are worth £70,000 and in 10 years' time be able to give a further such amount without liability.

The £67,000 threshold is usually *adjusted* each year to take account of inflation and, accordingly, in the intervening 10-year period, further gifts could be made tax-free up to the annual exemption and the annual increase in the nil rate threshold. Alternatively, if such large gifts are not within your means, a regular pattern of gifts may be equally tax-effective.

It may be that there is no suitable recipient for example if your children are all relatively young and you do not wish to part absolutely with the capital and the income it generates. In such cases some form of trust arrangement may be the answer.

Generally gifts between married couples can be made tax-free, whatever their value. A common strategy is to equalise the value of the couple's estate. Both estates can then benefit from the £67,000 nil rate threshold and the lower rates of tax on transfers in excess of that figure and both are entitled to an annual exemption.

If you do not fully use your £3,000 annual exemption, it or the unused balance can be carried forward for one year only — in this context the tax year. Thus, if in 1984/85 you used £1,000 of the exemption, you have £5,000 exemption available to you in 1985/86.

The current year's exemption is, however, used first, so that if you make gifts of £4,500, you cannot claim that it comprised the £2,000 balance from 1984/85 and £2,500 of the 1985/86 exemption, leaving £500 to carry forward to 1986/87. You will have used your 1985/86 exemption in full and will have lost £500 of your 1984/85 exemption.

Estate planning may be complicated by capital gains tax considerations. On a *lifetime* gift of an asset with an accrued gain, the CGT liability can usually be deferred until the donee sells the asset. A transfer on death removes any accrued gain altogether from *charge*.

Generally, however, this should not deter one from planning ahead and acting sooner rather than later. In this respect the abolition of the 1 per cent stamp duty on gifts effected by document, such as a gift of land or shares, has removed one additional cost on those who take this advice to heart.

Annual gifts not exceeding £250 per donee and gifts out of your *normal* income are exempt in their own right and do not reduce the annual exemption. This will cover most Christmas, birthday and similar gifts. There are also various exemptions for marriage gifts ranging from £1,000 to £5,000 depending upon the relationship of the donor to the couple in question.

Charitable gifts are fully exempt as are gifts to certain political parties if made more than a year before death. Political *gifts* made on or within a year of death are only exempt up to £100,000.

Malcolm Gammie

Understanding Reports and Accounts

Photo-finished

EVERY LIMITED liability company, large or small, has to publish a Balance Sheet. The purpose is to demonstrate that the accounts of the company have been correctly kept and that the figures balance. It shows two halves of a picture: the assets of the business together with its current liabilities in one half, and the total investment in the business which finances those assets in the other half.

Since the balance sheet is taken out on a given day, it can be realistically compared with a photograph of the state of the business on that day.

Once the photograph has been taken, the assets and liabilities start to change. Reading the balance sheet three months after the date on which it was written does not mean that exactly the *same assets* remain at exactly the same values. All a balance sheet can show the reader is a picture of the business at a moment in time.

Fixed Assets means items that the business has purchased to use, with the intention of making a profit.

Other Fixed Assets include motor cars used by the directors and employees, owned by the company, land and buildings; office equipment and all the physical things a business needs to help it make a profit. All of those are described as Tangible Fixed Assets; things that can be seen and touched.

Intangible Fixed Assets are less obvious, but will include goodwill, *patents*, mining rights, research and development, and other such non-physical things. Some of these fixed assets are difficult to quantify. How do you decide how much goodwill is attached to Harrods, say, or Debenhams? The only way accountants will value goodwill is to take the price paid for a collection of assets (eg another company) and compare that with the value of the assets. Anything paid over *the actual value* of the assets will be considered goodwill.

Some investments held by the company will also be classified as Fixed Assets. These are the investments in other companies which the holding *company* trades through. They will always be divided into subsidiary companies, where the holding company has control (usually 51 per cent or more of the shares); and related companies, where the holding company has only 20 to 50 per cent of the shares.

All tangible and intangible fixed assets are reckoned to have a *limited life*. Some, like plant and machinery, wear out through use; others, like leases on buildings and patents, wear out through the passing of time. Either way, no fixed asset retains its purchase value for ever. To recognise this wear and tear or passage of time, fixed assets are held to depreciate over their useful working life.

Any asset with a time-related life will of course be assumed to wear out. Thus a 23 year lease wears out at the rate of 1-23rd of the premium paid per year.

Current assets include things a business holds for *as* short a time as possible with a view to selling them and turning them into profit. Stock is a current asset. So are part-finished *goods* or *services*. Customers who owe money are described as debtors, and are considered *to be current assets*.

Cash held at the bank or in hand is a *current asset*, and so are some investments.

The current assets less the current liabilities (that is, creditors due within one year) combine together to show how much working capital is tied up in the business.

Too much working capital will mean that the business is using money inefficiently. Too little working capital will mean that it is unable to trade to the full in order to reap all the possible profit.

To find out what is too [...] or too little working cap[...] business needs to consid[...] items making up the c[...] assets and current liab[...] and see how many sale[...] contribute.

How many times a y[...] the average stock turned [...] Take the number of sale[...] divide it by the amount o[...] on the balance sheet. In [...] retail businesses, six ti[...] year would be a good [...] that means stock must b[...] for an average of two m[...] to make a sale. *In some* [...]nesses, stock will need [...] held far longer — co[...] antique shops.

Still other businesses wi[...] manufacture to order, ca[...] virtually no stock. The [...] way to find out the right [...] for any one business is to [...]pare it with *another* si[...] company.

How long does it ta[...] collect the money from [...] Divide the amount of [...] debtors, people who owe [...] business money for goo[...] services they have had bu[...] yet paid for—into the nu[...] of sales and multiply the [...]duct by 365. If it takes 52 [...] to collect the money (and [...] is how long it takes ICI), [...] the working capital nee[...] fund 52 days of debt an[...] days of stock; that is, 112 [...] in all.

The length of time tak[...] pay creditors of the bus[...] will also affect working ca[...] If creditors are paid withi[...] days, but debts only coll[...] in 52, cash flow will be a [...]lem.

Jane A[...]

Holiday bond

Time to share in the sun

HOT AFTER Christmas dinner come the summer holiday ads on television. While you're pondering whether 1986's location should be the Algarve, Costa del Sol or the Canaries, you may as an alternative be tempted to invest in a holiday property bond.

The bond is an extension of time sharing. But instead of buying a timeshare you take out a single premium whole life assurance policy. In addition to providing life cover, half the premiums in the bond are invested in holiday homes and the other half in securities to provide income for running the properties.

You then qualify for the free use of the holiday homes owned by the life company for as long as the investment is retained. You can reserve weeks in specific properties or take one for your exclusive use.

As an investor you buy bonds in denominations of £100 with a minimum initial investment of £1,000. Each £100 gives you 100 annual holiday points. The number of holiday points which you build up through your investments determines when and where you take your free holiday and how long you can stay there.

You will need 1,730 holiday points or *£1,730* for a *week in* a two-bedroomed apartment at Tenerife in the Canary Islands in August. To stay in the same villa at low season would need 1,470 points or £1,470. Two weeks in the same area in a similar property booked through Thomson Travel would cost you £370 per person.

On paper it would take *you* four years to recoup your investment in "free" holidays. But you also have the opportunity of sharing in the "potential for capital appreciation" from the investment properties and securities. To determine the "benefits" for investors the underlying portfolio of property and securities are notionally divided into units which are then allocated to each bond when it is issued.

The promoter of the scheme, Villa Owners Club, claims the holiday bond offers "unique savings" in the cost of holiday accommodation, which it says, will increase each year with inflation. That *assumes* that properties bought and/or built by the company appreciate in value.

The main advantage claimed over conventional time share schemes is that investors do not have to pay any additional rent or service charges. These *are* met from the income from investments *in* securities but this assumes that the portfolio of securities in which the management company invests live up to expectations.

A feature claimed *for* holiday property bonds is flexibility. Depending on the level of holiday points accrued, holiday locations can be switched from year to year. There is also a built-in inflation cover in that your holiday points appreciate by the audited increase in value of the property.

So if this year you have sufficient holiday points to qualify for two weeks in *July* in a two-bedroomed villa in the Algarve you will be able to take the same holiday in the same property at the same time next year, the year after and so on. *Only new* bond holders will have to "pay" more for the same holiday.

Again, with the necessary number of points, you can also *switch* holiday locations from year to year. Should you decide not to have a holiday in any one year or to take a shorter or cheaper holiday, you can hold over your points until the following year — though no longer than that. Alternatively you can allow someone else to use the accommodation instead.

You can *also* withdraw up to 5 per cent of your original premium. But you should be aware that the life company has discretion to decide whether to make the payment. *Assuming* it does so the payment will be treated as a partial encashment and as such will, under current regulations, be free of personal taxation *if* you *are a* UK policy holder. Such an encashment will not, however, affect your future holiday entitlement, life cover or the surrender value of the policy.

Provided they have been held for two years the bonds can also be encashed, but in "certain circumstances" repayment may be delayed for up to *12 months* if the insurance company either decides it would be "untimely" to sell a holiday property to meet the encashment or if there is an "*unexpectedly high*" rate of redemptions.

As a reader pointed out, Holiday Property Bonds seems so attractive to be "almost beyond *belief*." Assuming that the company running the scheme makes sound investments both on the property and securities side, then they do *indeed seem* very attractive. But the risks of owning property, or a share in it, in a far country where the market may be unpredictable and legislation unfamiliar should not be underestimated.

Since it would be impracticable for the investor *himself* to keep a close eye on the *holiday home*, a good deal of trust must be placed in the operator.

The first such scheme in the UK, for whom Villa Owners Club is the UK agent, is run out of the Isle of Man by Isle of Man Assurance. Investments are undertaken by *its* wholly owned subsidiary—Holiday Property Bond.

Although an authorised insurance company licensed by the Government *Finance Board* it is hardly a household name and some investors may be wary of an organisation based in an offshore centre where there is little investor protection. The reputation of the trustees to any such company thus is crucial. The custodian trustees of the holiday property bond will be more familiar to the potential investor.

It is the RoyWest Group of Trust Companies, one of the largest international offshore trust groups—jointly owned by the Royal Bank of Canada and National Westminster Bank.

Margaret Hughes

A claim on both my houses

BRIEFCASE

I have two houses with an annual rental income of £8,000 with no mortgage. If I put them in the name of a UK or offshore limited company could I, as major shareholder in the company, purchase a company car for myself and offset it against the rental income, thus reducing the corporation tax?

My houses are in Aberdeen and Glasgow. Would I be allowed to charge petrol and accommodation in journeys between my houses?

If the above does not result in reducing overall tax, whether due to be paid by me or by my company, could I take out a covenant with a value of her personal allowance for my mother and, if so, would my father have to pay tax on the covenant I give my mother?

The answer to each of your first two questions is no, broadly speaking. The answer to the final question is yes (at up to 50 per cent, i.e. 20 per cent on top of the 30 per cent withheld by you, if either of them was born before April 6 1921).

It may be worth the expense of seeking professional guidance through the UK tax maze.

A complicated inheritance

My father-in-law inherited in 1947, shares in 20 different companies and has left them almost untouched since that time. They have now been sold and a liability to capital gains tax will result which I am trying to compute for him. My difficulties arise because unfortunately he has no records of the dates of acquisition of the shares, when and what bonus issues have been made on the shares and how many shares he had at April 6 1965 when CGT commenced. Many of the companies have been taken over or have changed their name and share denominations. In order to get some of this information I have contacted the registrar of the company concerned. One Registrar, for example, has mentioned a fee of £17.50 for doing the work. That multiplied by 20 shares will cost £350, much too much in relation to the size of the shareholding value. How can I gather sufficient information to compute, in the circumstances I have outlined, the CGT liability?

A local reference library may have a set of the Extel or Stubbs CGT books (the Extel comprises two blue bound volumes and a blue loose-leaf supplement, while the Stubbs is green and wholly loose-leaf).

Failing that, you can ask your father-in-law's tax inspector—but you may have to wait months for an answer. Tax offices have sets of the Extel CGT books, from which the staff are prepared to extract details needed by taxpayers, in order to comply with the CGT law.

Tax relief on a diamond

I am holding an investment diamond bought for £5,500 on June 6 1980. I do not intend selling it in the immediate future but, if it were to be sold at a big loss, would this transaction be allowable for CGT relief?

At present, if you sold the diamond for less than £3,000, your allowable loss would be restricted to what it would have been if the sale price had been £3,000.

The £3,000 minimum deemed sale price was fixed in 1982, however the Chancellor may raise it next year, in order to disallow more losses. The minimum deemed sale price was originally fixed at £1,000 in 1965; it was raised to £2,000 in 1978 and, as we said, to £3,000 in 1982.

Unit trusts plans mature

I have recently had two unit trusts savings plans mature and suffered substantial deductions for tax provision on gain. Being a small investor, with no other gain this year, am I entitled to reclaim from my tax inspector?

The "deduction for tax provision on gain" is merely an element in the calculation of the number of units to which you are entitled, under the terms of each policy. It reflects the insurance company's prospective corporation tax liability, both on the units actually transferred to you and on those notionally allocated to the policy but retained by the company. The rate of such deductions is fixed by the company (within the limits set out in the policies), and does not represent a tax imposed upon the policyholder.

These points have been explained in published replies to readers' questions from time to time, over the years.

The price of success

I am a keen amateur investor on the Stock Market and have the good fortune to make a number of highly successful investments — long may they continue! I have however been warned by a friend that if I am not careful my success may well lead to my gains being treated as income by the tax man, with the gains putting me in a 60 per cent income tax bracket instead of being charged 30 CGT. As I am way above my £5,900 CGT allowance I would of course hate my gains to be charged as income though I am happy (!) to pay CGT on my gains. Is my friend's advice correct?

It is unlikely that you have anything to fear. It may be however that there is enough tax at stake to justify the expense of professional guidance through the tax minefield.

New tax code for widow

My husband died last February: there was therefore a return due and tax refund claim for the period to April 4.

Apart from my salary, and the state benefits which were forthcoming with commendable efficiency, I was entitled to a pension from my late husband's employers and so far as the period under review was concerned, this comprised two months at his full pay rate.

Due to administrative delays from my local (tax) pensions department, this money was not forthcoming until late April after the end of the tax year. The Revenue, which took an unconscionable amount of time to deal with my tax refund claim, has none the less included the income as if it had been received, and on my protesting it has answered in the terms of the letter which I enclose.

The nett result of its ruling is that although I shall get a further repayment after the end of the next tax year when the P60s are produced, I am none the less being deprived on the amount of £1,350 at 30 per cent of the interest which I could be earning if this sum was invested meanwhile.

Have I any redress please? I called for my file to be sent to the local tax office, and was accorded only an interview with the counter clerk who merely restated the ruling as set out in the letter. I have an uneasy feeling that I am now paying a price for nudging the Revenue over my refund with suggestions that my MP might be interested in the delay occasioned to a recently widowed constituent!

Write to Public Department 9 tax office and say that you object to your current code number—which unfortunately you did not give us—in accordance with regulation 10 (1) of the Income Tax (Employments) Regulations 1973. You should say that it is clear from the letter that it expects your current code to produce an overpayment, and that consequently it contravenes regulation 7 (e). If PD9 does not add £1,350 to your coding allowances, to put things square, you may feel inclined to go ahead with your idea of seeking help from your MP.

Erosion of losses

I have a CGT loss of approximately £7,000 carried forward from before I went to work overseas. Now that I am again resident I hope to be making small gains on share transactions but these are unlikely to reach the declarable limits.

Must I report these profits to the Inland Revenue and thus gradually erode my brought forward loss, or may I merely enter on my return that gains do not exceed £5,600 nor disposals exceed £11,200?

You have no need to worry. The erosion you wish to avoid is in fact explicitly prevented by section 5 (4) (a) of the Capital Gains Tax Act 1979:

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Fiona McEwan outlines new advertising regulations

Less sex or politics please

"SHIP shape and Bristol fashion" boomed the poster advertising the new-look saucier Tatler magazine. Offensive and sexist, said a handful of complainants, upset by the accompanying semi-nude figure of a young girl, clad only in a pair of spray-on jeans. However, the ad industry's watchdog, the Advertising Standards Authority (ASA), which governs all print advertising ruled there was no evidence that the ad caused grave or widespread offence.

Complaints based on the slippery grounds of decency are one of the ASA's troublesome areas, according to Lord MacGregor, the chairman. A favourite line of dissent concerns contraceptives — the authority receives regular complaints, often well-orchestrated, from people who believe that such ads should not be allowed. Ads based on statistical findings are another minefield.

From January 1 a new code of advertising practice, the industry rulebook, comes into effect with a revised set of rules to steer advertisers through the rapids. This is the seventh edition of the Code since it was introduced in 1961, and constitutes its most thorough overhaul to date.

Fresh thinking on the decency issue means that advertisers will be expected to pay more care to public sensibilities, especially minority groups. The use of women in advertising has been a plentiful source of complaints down the years, mainly on grounds of degrading them.

Interestingly, recent research commissioned by the ASA shows that the majority of women do not find nudity degrading or unpleasing where it is appropriate to the product being advertised. But ads which display naked or scantily clad women whose presence is irrelevant, such as in trade magazines for forklift trucks or sacks, are universally condemned.

Take the case against Leyland Trucks. An MP, the TUC Women's Advisory Committee and a member of the public objected to an ad in Motor Transport promoting Leyland's Roadtrain Truck. Introduced with the word "Within seconds the roadside is swarming with girls . . ." it featured a number of women in provocative poses dressed in prison garb. It went on to describe how two truck drivers were hijacked by the women.

The complainants objected to the portrayal of women as sexual fantasy objects.

The ASA censured the ad for its "notably unpleasing terms" but took the view that under the code it did not cause either grave or widespread offence to those to whom it was

addressed. However, it warned advertisers to take more care of minority group sensitivities in future.

Another area of predicament for the ASA has been the expanding political advertising sector. Hitherto, matters of political (as well as social, aesthetic and religious) controversy have been outside the Authority's remit. Straightforward political party advertising, which is recognised for what it is by readers, gives little trouble. But a flourishing sector of quasi-political advertising—from local authorities, nationalised industries, companies in contested bid takeovers, animal rights and other pressure groups—can sometimes be so tendentious and controversial that the ASA, weighed down by complaints, has been forced to think again. Such advertising, says McGregor, may be skilfully contrived to be sufficiently political usually by referring to legislation, actual or projected, or to government's policies, as to put it outside the Code's remit.

However, to ignore this sector, said the ASA, was tantamount to giving a "licence to print with impunity inaccurate, misleading or untruthful material." The new rules will therefore, take a tougher line on political and other ads that seek to influence political, social, religious or aesthetic opinion and, warns Lord McGregor, "they will be applied sternly."

One example was a Greater London Council ad which included the Royal Society for Mentally Handicapped Children and Adults (Mencap) on a list of organisations that might disappear as a result of the Local Government Bill. Mencap's objections were upheld by the ASA on the grounds that there was no justification for making an assertion that might injure the society.

Rules on the use of individuals in advertising without prior consent have also been tightened. This means test ads such as those promoting the game Trivial Pursuit featuring personalities like Margaret Thatcher and David Owen, and suggesting personal endorsement, are now out-of-bounds. Similarly outlawed are Ansell Bitter ads which made reference to rugby-playing Gareth Edwards, and the Toyota van ad which implied it was large enough to cope with the Walton sextuplets.

The British Airways ad which featured Telly Savalas came in for censure. At the time Savalas was under exclusive contract to J. W. Thomson for Bacardi and ASA held that even using his Kojak persona with the lines "New York for less lolly" followed by "who loves ya baby" was the same as using Savalas since the two were so linked.

The cosmetics sector has been closely scrutinised and now merits its own corner of the codebook. Advertisers will now be required, for instance, to provide substantiation for physical changes to the skin claimed to be the result of using their products, particularly for novel or unique claims for a products action or effectiveness. If they claim an ingredient has special powers — say avocado in a moisturiser — they must be able to substantiate that it is the ingredient that has the effect and not the product as a whole.

The professions, now freer than ever to advertise their services, come in for relaxed guidelines. On the medical front, the new code takes a lenient line on practitioners of alternative medicine, previously restricted to visitor card ads (name address and 'phone number).

The British system of advertising industry self-regulation, operating within a legal framework, has been the model for similar bodies around the advertising world. Australia, New Zealand, South Africa, Ireland, Malaysia, Canada and Italy have adopted similar systems. Compared to a wholly legal regulatory procedure, as in, say, West Germany, where advertisers can be taken to court over complaints, self regulation is cheap, quick and effective. It also works.

Though complaints are averaging 7,000 a year currently, the British advertiser is getting better and better, says the ASA.

Certainly there's been nothing recently to compare with the famous Sinclair Spectrum mail order ads of 1982 when there was a public outcry (over 100 complaints received) because of late delivery and lack of information.

Cut price rail travel

A great time when you get there

CUT-PRICE holidays are something you may not necessarily associate with British Rail. Details on train timings and ticket pricing appear to be a well-kept secret.

As a result, many people are unaware of the considerable discounts available on rail travel, and of the increasing number of "breaks" on offer.

If you have a family and use the train at all for travel, it makes sense to get a family railcard. It costs £12, is valid for one year from the date you buy it and entitles adults to half-price or one-third off second class travel. Children under 16 travel for only one pound each, regardless of the journey.

You are eligible for a family railcard if you are at least 18 years old and resident in the UK. In order to use it, there must always be a child with you on the journey, and at least one of the adults must be named on the card. Adults and children need not be related to each other.

Having a family railcard does not exempt you from taking advantage of other "special offers," and can reduce the cost of a reduced fare even further. If you live in London, for example, a second class "saver" return fare to York would cost you £27, if you travel on a "blue day" (Monday to Thursday). If you also hold a family railcard, it would cost you just £17.82.

If you do not anticipate travelling with children, you can still take advantage of cheaper fares with a railcard if you are a senior citizen, disabled, under 24, or in full-time education.

Railcards are issued at principal British Rail stations, appointed travel agents and all Post Offices.

There are certain restrictions on when you can travel if you use a railcard. These tend to be peak hours on certain commuter trains, special excursions or boat trains to Dover or Folkestone.

Travel on InterCity sleepers is also further discounted with a railcard. You pay a £15 sleeper supplement, but get 34 per cent off the Saver fare. Bristol to Edinburgh with a sleeper one way could cost just £40.08. Children on a family railcard would be charged one pound each plus £15 for the sleeper one-way.

If you are planning your holiday north of the border, a "Freedom of Scotland" ticket, usable on all stations in Scotland and over the border to Carlisle and Berwick-upon-Tweed, will cost you £34 for a second class ticket valid for seven days. A second class ticket valid for 14 days will cost £50.

Avoiding the initial long drive and taking your car with you on the train is possible, depending on destination. Motorail charges from Paddington in London to Penzance are £85 single for the car and driver travelling first class, as long as it is not on a weekend or just before Christmas.

Each accompanying adult pays £37 and each child between five and 15 pays £22 for a first class single, but these prices are again subject to discount if you have a railcard.

For those who want accommodation as part of the travel package, Golden Rail offers a wide choice of hotels throughout the country. Travelling from Kent by second-class rail travel to the Arden waterside hotel in Stratford-upon-Avon with dinner, bed and breakfast for two nights will cost you £71 per person.

Many of the hotels—such as this one—have an Egon Ronay recommendation. It is worth noting that you can opt out of dinner for a reduction in price, however, and you can also travel first class for a supplement if you so choose.

For its autumn and spring programme, Golden Rail has also arranged three Gourmet Weekend Break destinations chosen personally by Egon Ronay. A weekend at the Wordsworth Hotel at Grasmere in the Lake District includes first class return travel, three nights accommodation, full breakfast, a half-bottle of champagne on arrival and table d'hote on Sunday.

The particular "gourmet" aspect of this weekend is dinner with wine on Friday and Saturday evening at the Michael's Nook restaurant, featured in several food guides. This package will cost you between £206 and £216 per person, depending on how far you have to travel.

These gourmet weekends are not available during the Christmas and New Year period. The other two participating hotels are the Castle Hotel in Taunton and the Oakley Court Hotel in Windsor, but the package varies slightly and does not include Sunday evening.

On Sunday, January 12, all British Rail fares go up by an average of just over 8 per cent.

Dina Thomson

Charity law

Rehabilitating the anachronistic

JANUARY 1, 1986, is a key date for many people with an unusual type of financial problem. They are the trustees of various out-of-date charities. Their problem is that they control large amounts of money which they do not know what to do with. The Charities Act 1985, which comes into effect on New Year's Day, should help some of them to find a solution.

There are two main reasons why charities fall behind the times. Inflation has eroded the assets of many older charities. Available income may often be insufficient to cover rising administrative costs. In a Parliamentary debate on the new Act a Humberside charity founded in 1910 to distribute £3-worth of oranges to school children each year was mentioned. Nowadays £3 does not buy many oranges.

And the original social need which inspired the foundation of the charity may have disappeared. A charity set up several centuries ago to provide financial assistance "for the impecunious inhabitants of Hampstead" has been struggling with embarrassingly large surpluses for a number of years.

Thousands of charitable funds have gradually slipped into one or other of these categories and, in spite of the obvious waste of resources, English law has been reluctant to do anything about it. The main reasons for the inertia have been respect for the wishes of the original donors, and fear that retrospective changes might deter future donors who could no longer be certain about the use to which their money would be put.

So procedures for winding-up or redesignating charities have until now been both complex and expensive — and therefore often beyond the reach of the charities with problems to solve.

The Charities Act 1985 goes some way towards remedying this situation. It offers a dignified way out for the charitable victims of inflation. If a charity has an annual income of no more than £200 (and this figure can be raised from time to time to keep up with inflation) its trustees can resolve to transfer all its funds to another charity with not too dissimilar objects.

The decision of the trustees must be unanimous—which may be a problem where there are large numbers of trustees or where one or more of the trustees cannot be traced. Not surprisingly, the consent of the receiving charity is also required.

Consider the application of this new law to the Humberside orange charity. Its trustees will now be entitled to merge with another not too dissimilar charity. The ideal would be to find another charity which doles out food to local children but if this is not possible then the wording of the Act appears to permit the trustees to go further afield.

The second innovation in the Act is that certain charities whose objects have become obsolete will now be able to change them. This concession is only available, however, to local charities 50 or more years old. In addition their main aim must be the relief of poverty — as opposed to an educational or religious objective.

Even if it comes within this category a charity can still only alter its objects if, in the trustees' opinion, its existing objects have become lacking in usefulness or impossible to achieve in view of changed circumstances and the alteration is required to enable the charity's resources to be more effectively applied.

The trustees must be unanimous in their decision and the new objects must not be too dissimilar from the old. There is no limit to the size of charity which can benefit from this dispensation.

Take the example of the charity for poor residents of Hampstead. Changed circumstances—the increased affluence of the locality—have made the original objects obsolete and suitable new objects would enable the charity to make better use of its resources, say, for the relief of poverty in the London borough of Camden which includes not only Hampstead but also other rather less salubrious districts.

Charities wishing to exploit either of these new possibilities have to clear a number of procedural hurdles primarily designed to ensure that anyone who might have reason to object to the changes will at least be aware that they are taking place. But Parliament clearly recognised that if these requirements were pushed too far, the whole purpose of the reforms could be undermined by heavy expenses.

So in both cases, the trustees are encouraged to seek approval from the charity's founder (if he is still alive) but only by taking such steps "as are reasonably open to them." Similarly, the trustees are required to advertise the changes—but not if they consider that it will be pointless to do so.

One compulsory procedure has to be followed in all cases. Information about the proposed changes must go to the Charity Commissioners who then have three months—subject to extension for up to a further six months — in which to decide whether or not to give their approval.

The tone of the new legislation suggests that trustees will generally be given the benefit of the doubt and that where the other statutory procedures have been properly observed the Commissioners' consent should be a virtual formality.

David Cohen

Arthur Sandles picks his top 10 favourites

Holidays beyond price

THE ONE blizzard you can expect this winter is of holiday advertising. The accent at the moment seems to be on price, with each operator doing its best to under-cut the other. But if the holiday is more important than the price tag where do the best choices lie? Herewith an instant Top Ten.

1. Best all round resort: Majorca. No island has quite so much packed into it. Ignore the warts of Arenal and Magaluf and think of a place with beaches and mountains, excellent food and amiable people. It is true that one has to avoid the peak holiday times if you are going to enjoy the narrow back streets of Palma, but even at those times it is possible to find peace, solitude and the absence of Anglo-Germanic hordes.

Best time to go? September. Cost? A basic package to a three-star hotel in high season is around £300. Choose the Sheraton Son Vida, the only Gan Luxe hotel on the island, and you will pay a shade over £700 for a two-week package including flight (Mundi Color). Stay in your own pleasant villa, with pool, and rented car, away from the crowds and you will pay approaching £700 per person (Meon Travel).

2. Best retreat: Small islands or high mountains are obviously the best choices. I'll plump for Young Island, just off St. Vincent in the Caribbean. Relaxing rather than luxurious and close enough to communications to make a dash for civilisation if you should so foolishly choose. Around £2,200 for 14 nights this winter (Caribbean Connection).

3. Best European city: My own favourite remains Florence, compact enough to be manageable, full of cultural wonders, and superb Tuscan food. The one major irritation is the traffic. Seven days at the Excelsior will cost you £685 in the spring, including flights from the UK. Opt for a more modest establishment and the price can come down to around £300 (The Magic of Italy).

4. Best ski resort: It all depends on your ski standard and your taste in night life. If both tend towards the upper levels try Kitzbuhel in Austria, which has a slightly more relaxed and holiday atmosphere than its grand Swiss counterparts. The Hotel Tenne is a wonderfully sybaritic retreat from the rush of the slopes, but the nightclub can itself get a little hectic.

You don't get much change from £800 for two weeks there in February, flights included (Inghams, wintersports Luxury Hotels brochure). Best in the west: Vail for the old money, stay at The Lodge, Aspen for the jet-set. Aspen still heads my league for the world's best all round resort (American Express).

5 Best tour: Tours in the literal sense of a new stop every day may seem a little unfashionable, but they remain a good way of getting an informed look at a new area or starting a new interest. The choice is very subjective, look at the Serenissima brochure for real temptations, and the Jules Verne offerings if your taste is oriental.

The 1986 choice, however, goes to a 20 day art treasures tour of Eastern Turkey. Turkey is showing all the signs of being one of the next boom destinations for global tourism (watch Australia and New Zealand too) so see it now before Intasun gets there in force. Once in the wilds of Turkey you may find accommodation a little basic, but it is worth it simply to see the giant figures of Nemrut Dag. The cost of the 20-day tour is £1,370 (Swan Hellenic).

6—Best first safari. Now that it is possible to move more easily between Kenya and Tanzania there is really only one first choice—a trip that takes in Ngorongoro, the Serengeti and Amboseli. It is all a bit of a rush and a lot of time is spent in minibuses but it gives you a taste for more detailed and leisurely looks in future years. A two country safari will cost you around £1,170 (Kuoni).

7—Best of Britain. Everyone drives through it to get to Devon and Cornwall but it is worth a much longer look—Wessex, stretched a bit to run from Salisbury Plain and Bath on its northern edges and from the New Forest to Exeter in the south. Much of the beauty of England but not a lot of the touristic rubbles. Grab the car keys and a copy of the British Tourist Authority's Commended Hotels and Restaurants Guide.

8—Best cruise. The ship is a matter of personal choice, the Sea Goddess if you want smallish luxury, the Sea Princess for somewhat roomier accommodation but small enough to retain some sort of feeling of intimacy, and the Royal Caribbean ships for the good life in a big way. Expect to pay around £100-£150 a day for a reasonable cabin. Avoid cruises that offer a new port every day. Try a cruise of the Far East, a painless way of seeing the stranger islands of Indonesia and the China seas.

9—Best new destination. The Falklands. At the right time of year the islands offer a remarkable array of wildlife, from penguins to elephant seals, from wrens to killer whales, much of which is totally unbothered by human approaches. Tourism, which is being developed, might change all that so see it now while things are still as nature intended.

The Falklands Office (via the Foreign and Commonwealth Office) will arrange a ticket for £1,250. Accommodation there will cost around £30 a day and you should allow £200-£300 for internal travel.

10—Best overall holiday: The trip of a life-time remains a Nile cruise. Best taken between Christmas and Easter it is worth going to the deep south first and then heading north to Cairo, which is something of a disappointment. But nothing you have been told will prepare you for the wonders you will see on the way.

Trips vary considerably in price according to the numbers on the ship, the standards and the quality of guides. Try Abercrombie and Kent for top end of the market. More typically a trip on one of the Marriott Fleur will cost you around £875 (flight included) (Wings).

Further information: Apart from the Falklands you travel agent should be able to get details of all the other holidays mentioned and perhaps suggest rival offerings.

The Old House, Odiham, Hampshire, for sale by Lane Fox and Partners in excess of £200,000. Details 01-499 4785.

Country houses head the field

THIS YEAR has seen new thinking and new ideas in the profession.

The changing face of the property market has mainly been geared to agents, solicitors, building societies and banks getting their houses in order, whether by take-over or amalgamation.

Marketing has more or less replaced negotiating as the in-phrase. The attitude is that the principles of good marketing can be applied equally well to selling homes as to fast-moving consumer goods.

mately benefit the consumers? Nigel Stephens, chairman of Martlet Property Services, is not sure.

Martlet's recent investigation into estate agents' services revealed that negotiators were often not properly trained to elicit the right information about property-seekers.

"At best, questions were restricted to specification requirements," says Roger Stanley, who looks after Martlet's training and financial services. "As a result, buyers felt neglected, and sellers were plagued with time-wasters."

The failure of Austin Mitchell's private members' House Buyers' Bill has slowed prospects of a "one-step property shop" where a property buyer and seller could be offered a complete package to cover conveyancing, arranging mortgage facilities, survey, valuation, insurance back-up and so on.

Michael Green, partner Elliott and Green, High Street, Lymington, with six offices, feels that it will not be long before a further attempt is made to introduce legislation, possibly for the creation of licensed conveyors.

He wants to be sure that there is no conflict of interest to the detriment of the customer between the conveyancing, estate agency and financial services.

The recently published Building Societies' Bill has already taken this into account. Building societies offering conveyancing to their borrowers has been ruled out.

Many country and coastal estate agents have realised the importance of full weekend opening.

Stimpsons, part of Lloyds' Bank Black Horse Agency, now open seven days a week, will even be on duty New Year's Day.

The Royal Institute of Chartered Surveyors' quarterly surveys of the England and Wales housing market have not been tactful about methods of selling or prices achieved.

One report commented on the many houses on the market with "grossly inflated asking prices put there by unscrupulous estate agents competing to secure instructions."

Last month the RICS recorded that house prices were holding steady in all types of homes, with a more stable market likely until the end of the year.

A good country house is currently the best buy. This means a period house with three living rooms, six bedrooms, three bathrooms with two en-suite, and staff accommodation, "the whole tastefully modernised and well maintained," says Savills' partner Ian Stewart.

"Add garaging for two or three cars, heated swimming pool, hard tennis court, stabling, paddocks and about 10 acres, and that is the ideal."

Position is still a vital factor insists Terence Arden, Arden and Partners, Lytchett Matravers, Dorset.

"A magnificent house with all the trimmings but too close to other houses or in a noisy road has a limited demand and value increase, whereas a place of seemingly basic amenities in a quiet, even remote setting, is keenly sought after, and often realises a ridiculously high price in comparison."

Prices of country houses in the West Country, though rising, are 10 to 15 per cent lower than in other southern counties, says Robin Thomas of Strutt and Parker in Exeter.

"With the good rail connections, it is not difficult for London businessmen to run their companies from Devon, travelling to the capital when necessary."

Weller Eggar, with offices in West Surrey and East Hampshire, say it has been their most successful year since they started over 100 years ago.

This is mainly due to the new M25, putting London, Heathrow and Gatwick within easy reach of West Surrey. Also London prices have spiralled, making Surrey and Hampshire cheap by comparison.

The demand for houses between £150,000 and £300,000 has been extraordinary, reports Weller Eggar.

In Cranleigh a farmhouse unoccupied for 25 years, with no drains or electricity, but with two period barns and 15 acres, was viewed by over 300 people, and in three weeks a sale was agreed for £150,000. Some 20 years ago, someone paid £18,000 for a new four-bedroomed house in 3 acres outside Farnham. Today it is being sold for £240,000. In a Hampshire village, a mill house was sold seven years ago for £72,000 and has now fetched £270,000.

So what is the current range of prices for country houses? In the South Midlands and West Country, it could be as high as £300,000 to £350,000.

When you get into the London commuting area, say 30 minutes by train from Sevenoaks, Kent to Cannon Street, or a swift drive along the M25, M20 or A21, it jumps to £425,000.

This sort of place would have cost a mere £22,000 in 1965 according to Savills, who have charted the average price increases over the last 20 years in their winter magazine. (Free from Savills' Marketing, 20 Grosvenor Hill, W1.) This shows how four different areas have performed, using Guildford, Surrey as the yardstick, and demonstrates the premium buyers are prepared to pay for good access.

June Field

Stuart Marshall reviews 1985 on the road

A need for tunnel vision

THE HIGHSPOT of my motoring year? It must have been the long awaited and disgracefully delayed opening of the section of the M25 between Reigate Hill and the A3 interchange.

Instantly, it made life easier for me and for hundreds of thousands of others who have to travel west and north-west from Kent and Sussex. It must also have lifted an enormous burden from the residents of places like Ewell and Epsom Downs whose peace was being disturbed by traffic that had no wish to be rushing past their homes.

Of course, it soon clogged to a near-standstill at rush-hour times in places but motorways are like airports: they are never built big enough in the first place. When the final southern section of the M25 between the A21 Interchange and Swanley opens by mid-1986, the Dartford Tunnel will become a more or less permanent bottleneck whenever traffic is heavy.

Could this not have been foreseen? Or was it just handier to look the other way? It is an entirely personal view, but I would rate a third bore of the Dartford Tunnel much more pressing than a fixed link over or under the Channel.

Should we, in fact, not be meeting urgent transportation needs of this country before getting involved in a multi-billion pound enterprise that merely duplicates an efficient ferry service?

A train tunnel or bridge for road traffic—the former, in my view, the only likely form of link—could only prosper by ruining the ports of Dover, Calais and Boulogne. The French would gain by linking their impoverished Pas de Calais region with our prosperous south-east; but what would we get out of it? Not much, so far as I can see.

But let the politicians and bankers argue about fixed links. This column is about motoring, which means cars—and 1985 has produced a most interesting crop of them. Which impressed me most? The Mercedes W124 for its sheer efficiency and promise of enduring reliability. Ford's new Granada, for taking anti-lock brakes out of the "costly optional extra" field and, more recently, for the opportunity to have four-wheel drive.

Honda's new Accord with a 2-litre engine, tried only briefly in Germany, is a shining example of high technology, quality of build and good performance. In fact, every Honda I drive impresses me favourably, not least the small outside but large within Shuttle estate, on which selectable four-wheel drive may be had at modest extra cost.

Title of the most improved car of 1985 must go to Bentley's Turbo R, which is the former Mulsanne Turbo fitted with revised suspension and steering and a set of ultra-low profile tyres. Together, they make it handle better than any previous Bentley and its get-up-and-go remains improbably good for so large and heavy a car.

From the rarified atmosphere of cars costing over £68,000, I drop to £4,750, which to the Bentley owner is loose change. For this small sum one can buy the Citroen Visa 17D, which brings diesel economy within reach of private motorists with modest resources. It is much quieter than one would suspect, rides well, has a lofty body and will give any sensible driver well over 50 miles per gallon.

Another car of a completely different kind that pleased me was the Reliant SS-1. Ford engined and plastic panelled and priced so the young may realistically aspire to buy—and insure—one. The summer did nothing to boost demand for cars that are at their best with the roof folded away but I also enjoyed myself in a Panther Kallista when the sun shone. Purists quite rightly say it is as bogus as a four pound note. But it is entertaining, quick and does not demand constant skilled attention to keep it on the road, as a genuine vintage car would.

For sheer value for money, the Spanish Seat takes a lot of besting.

Priced in between the rough East European car and the products of most West European producers, the Seat Ibiza, Italian styled, powered by a Porsche designed engine, will make an increasing impact in the British market.

The most predictable flop of 1985 was the Sinclair C-5. Who but a genius could have launched a thing like a bedpan on castors in mid-winter and proposed it seriously as transport for commuters?

My liking for diesel cars will be familiar to any reader of this column. More and more people are starting to see their merits. My forecast of 75,000 registrations this year will not quite be realised but I would put money on the 100,000 mark being exceeded in 1986.

Ever since trying the first Audi Quattro nearly six years ago, I have been sold on the merits of four-wheel drive for powerful road cars. The more I try front-wheel driven cars with more than, say, 130 bhp engines, the more I am convinced that all-wheel drive is desirable for safety and security in low grip conditions.

Selectable four-wheel drive, when you convert a front-drive car to all-wheel drive by pushing a button, is fine for meeting a simple need for extra traction. But it has no place on a car that needs four driven wheels so its performance potential may be safely used on the highway.

And my three motoring wishes for 1986? That the Austin-Rover luxury car jointly developed with Honda will be a rousing success when it appears in June. That the Jaguar XJ-40, due to debut at the Motor Show in October, will fare equally well. And that Mrs Lynda Chalker, our energetic Minister of Transport, will drop her dotty idea of compulsory dim-dip lighting for all new cars from next October.

It will put Britain out of line with the rest of the world and do nothing for road safety.

CHESS

HASTINGS starts its traditional annual congress this afternoon. Now in its 61st year, it is the oldest established tournament on the world chess calendar, an event which evokes memories of great players and brilliant games. The tournament has lost some status in recent years, but Hastings still evokes memories of the days when it was for chess as Wimbledon is for tennis.

Organisers of the first Hastings in 1895 (the congress became annual in 1919) invited a little-known American named Harry Pillsbury to compete with the then world champions Lasker and Steinitz. Pillsbury, chain-smoking black cheroots and displaying a prodigious memory which helped him take on chess, draughts and whist simultaneously, won the tournament. At the time it was unprecedented for a newcomer to take first prize in a world calibre event, and Pillsbury's feat has been paralleled since only by Capablanca and Kasparov.

That 1895 tournament also included Hastings's first Russian. Mikhail Tchigorin, later a kind of Karl Marx father figure for Soviet chess, was a specialist in drinking his match opponents under the table and, sampling whisky for the first time at Hastings, he pronounced it "too weak."

His participation proved a significant help much later in the 1950s, when the USSR began to send grand masters regularly to the congress. They reported that they had "played with the same pieces as the immortal Tchigorin" and Moscow officials listed Hastings as part of their regular schedule. The congress still has some of the chessmen used in 1895.

Pillsbury's victory began another Hastings tradition, providing a proving ground for young hopefuls to acquire an instant reputation. Notable debutants have included Fine, Szabo, Timman and Nigel Short. This year the obvious candidate is Stuart Conquest, aged 18, who was Hastings club champion at 11, won the world under-16 title, and is among Britain's youngest international masters.

Play at the Queens Hotel is 2 pm-7 pm each afternoon until January 10, except for rest days on January 2 and 7. Spectators are welcome. There are also subsidiary tournaments throughout the congress, finishing with a weekend open on January 10-12.

This week's game is, by hindsight, among the most significant from the long Hastings series. Hugh Alexander was Britain's leading master from the late 1930s to the mid-1950s, at a time when our international standing was low while the newly-arrived Russians seemed almost unbeatable.

Alexander's flair was for producing his best performances against the world top, and he rose to the occasion when a Soviet grand master pair came to Hastings in 1953-54. He beat them both, Bronstein in a marathon queen end game and Tolush in the final round with first prize at stake. His demonstration, that the Russians could be beaten and that on occasion they could play downright badly, proved a benchmark for Britain's later advance in world chess.

White: A. Tolush (USSR). Black: C. H. O'D. Alexander (England). Dutch Defence (Hastings 1953-4).

1 P-Q4, P-KB4; 2 P-K3, N-KB3; 3 B-Q3, P-Q3; 4 N-K2, P-K4; 5 PxP, PxP; 6 0-0, B-B4; 7 N-N3, P-KN3; 8 B-B4.

Tolush liked to experiment in the openings, but his simplistic development in place of the usual P-KN3 and B-N2 has already given Black an advantage in space and the initiative. Alexander avoids exchange of queens, and prepares an early pawn push to exploit White's poorly placed knight.

8 Q-K2; 9 Q-Q3, N-B3; 10 P-QR3, P-K5; 11 Q-K2, N-K4; 12 B-R2, P-KR4! 13 P-N4 B-Q3; 14 P-KB4, PxP ep; 15 PxP, P-R5; 16 N-R1, P-KN4!

Continuing his attack with the king in the centre. Taking out time to castle would enable White to get back into the game with P-QB4-5. If now 17 P-QB4, P-N5; 18 N-Q2, PxP; 19 NxP, R-N1 ch with a winning attack. 17 N-Q2, Q-N2!

With an obvious threat on the file and a concealed tactic on the long diagonal.

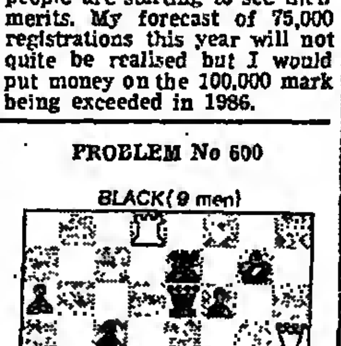
18 B-N2, P-N5; 19 P-KB4, N-B6 ch; 20 K-N2, P-R6 ch; 21 K-B2, NxN.

Winning a piece; White could already give up.

22 QxN, N-K5 ch; 23 K-N1, QxB; 24 Q-Q5, Q-B3; 25 B-N3, P-B3; 26 Q-Q3, B-K3; 27 BxB, QxB; 28 Q-Q4 and White resigned.

PROBLEM No 600

BLACK (9 men)



WHITE (8 men)

Janowski v Pillsbury, Paris 1900. Old-time chess grand masters liked to announce a forced checkmate several turns ahead rather than play each move on the board. The spectators and sometimes the opponent used to puzzle over exactly how the finish could be achieved, though occasionally the announcer claimed a non-existent mate.

Nowadays this pleasant custom has fallen into disuse. Most players resign rather than allow the game to go the full distance, and announced finishes are unheard of. World title practice, is even to adjourn and concede during the interval so as to avoid seeing the spectators applaud the opponent.

So this has to be a 1900, not a 1985, game. Pillsbury (Black, to play) announced then demonstrated an unstoppable mate. How many moves did it take?

SOLUTION Page XI

Leonard Barden

BRIDGE

ELIMINATION and throw-in at no trumps is less frequent than in a suit contract, because the ruff discard element is missing, but here are two examples from rubber bridge. The first hand was dealt by South at a love score:

```
            N
         ♠ 7 6 3
         ♡ A K 7 4
         ♢ Q 9 7 3
         ♣ 10 7
W                     E
♠ A 9                 ♠ Q J 8 5 2
♡ 10 9 8 6 5          ♡ Q 2
♢ 8 4                 ♢ 10 6 5
♣ J 9 4 2             ♣ K 8 3
            S
         ♠ K 10 4
         ♡ J 3
         ♢ A K J 2
         ♣ A Q 6 5
```

South bid one diamond—many players would bid one no trump—North replied with one heart, and raised the opener's rebid of two no trumps to three.

West's spade five was taken by the Ace, and East returned the nine. South took his King —there was no point in holding up, and the ten might prove a useful exit-card—and West followed with the two. Even at this stage declarer envisaged a possible throw-in play. He now cashed four diamond tricks, ending in dummy, and East threw the five of hearts and the two of clubs. The heart discard, in the light of dummy's holding of four hearts, was significant. East had probably started with five cards in the suit. I have mentioned this point in previous articles. If that was the case, West held only two hearts — complete elimination was, therefore, a distinct possibility.

West threw a club on the fourth diamond. The declarer was fairly sure that his shape was 5-2-3-3.

He cashed dummy's Ace and King of hearts, and the fall of the two and Queen on his left confirmed his preliminary count, so the spade seven was returned to West's Knave. After making two more spades, West had to lead a club into South's major tenace.

Excellent deduction, counting, and technique.

The next hand occurred some three weeks ago:

```
            N
         ♠ 7 3
         ♡ K 5 4
         ♢ A K 10 9 5 2
         ♣ Q 7
W                     E
♠ 10 5 2              ♠ A 9 8
♡ A J 10 9 8          ♡ 6 2
♢ 8 6 3               ♢ J 4
♣ K 9                 ♣ J 10 6 4 3 2
            S
         ♠ K Q J 6 4
         ♡ Q 7 3
         ♢ Q 7
         ♣ A 8 5
```

North-South were vulnerable when I dealt and bid one spade on the South cards, and my partner replied with two diamonds. East came in with two hearts — a bad overcall which might have cost a fortune — and I rebid two no trumps (better, in my opinion, than two spades) and North raised to three.

West led the heart six, I played low from dummy, and East's eight lost to my Queen. If East held, to justify his overcall, the spade Ace, a spade lead would ensure my contract, but one never knows in these round games.

I cashed the diamond Queen, and followed with five more diamonds, throwing a club and three spades from hand. East discarded the two, five, and ten of spades, while West let go two clubs and the nine and eight of spades. Now a change of plan was needed. Assuming that East was left with four hearts and the King and another club, I returned a heart from the table. East made four tricks in the suit, then returned the club nine, which I ran to dummy's Queen.

The shutting out of the spade Ace was fascinating.

E. P. C. Cotter

DIVERSIONS

Village greens

British breathing spaces

Common pleasures: jogging and riding

THE village greens, footpaths and common open spaces of Britain are among the few safeguards available against unmitigated development—breathing spaces in a not-quite-fantastic future of coast-to-coast housing estates punctuated by golf courses, shopping centres and inaccessible farmland. Nor are those pressures (at least in the south-east), merely a 20th century nightmare. In the 1860s, the battle was already engaged; and the shadow of the long fought (and lost) wars against wholesale enclosure lay another century behind that.

Few amenity societies have been on their feet for 120 years and the Open Spaces Society (a practical shortening of the full Commons and Open Spaces and Footpaths Preservation Society) has the venerable status of being the first national conservation body, preceding William Morris's Society for the Protection of Ancient Buildings by 12 years. But age has not rendered its toothless or incoherent: it now is battling harder than ever. The problem is one of tackling the sophisticated interests of the late 20th century armed with vestiges of ancient and manorial laws; the Exocet versus the bayonet.

A report produced by 1958 by a royal commission was praised widely. The hope was that it would generate legislation to straighten out the whole business. The report suggested a register of all common land; a general public right of access to commons; and the implementation of effective management schemes.

Only the first of these became law, however, and experience has proved the Commons Registration Act of 1965 to be a sorry mistake. By allowing common rights to lapse by default — because now they must be registered within a set period, or be lost — the result has been a considerable drop in what the commissioners called "this last reserve of uncommitted land in England and Wales."

A further study — this time, an internal Department of the Environment paper in 1978 — repeated the points on legal access and management. The most recent and encouraging development was the establishment (in 1984) of a Common Land Forum, with representatives from interested groups. Its findings will be given to the Government next year: the aim is to restore the legal complications and prepare the way for a credible Commons Act.

There are many problems for encroachment by various interests — ranging from gravel extraction to the "leisure industry" and residential development — onto area of common land is going on apace. Often the problem concerns fencing-off.

Although, contrary to popular opinion, common land always has an owner (or owners) it also gives "a right, which one or more persons may have, to take or use some portion of that which another man's soil naturally produces" (Halsbury). In addition to that is the right to graze animals.

The six recognised rights of common are pasture; pannage (acorns or beech mast for pigs, conditional on the commoner desisting and shaking the tree!); estovers (underwood or bracken); turbary (peat or turf cutting); piscary (fishing, but not in tidal waters); and common in the soil (extraction of sand, gravel, stone or minerals —as still practised by coal miners in the Forest of Dean). Although the language is picturesque, conjuring-up scenes from medieval manuscripts, the reality is of great concern and urgency.

While conservation pleas for for a great house or an historic landscape are guaranteed a good hearing, even if not always successful, the case for a left-over patch or ground in a village or built-up area often is harder to argue. So, too, are rights to carry out archaic practices that may have lapsed but which provide the legally enforcible justification for the common land.

Some common land is of great scenic importance; an estimated 500,000 acres lie within, or immediately adjacent to, the national parks and there is far more in upland Britain as a whole. It is with commons (often, but not always, synonymous with village greens) that a direct line remains with the ancient rights still enshrined in that extraordinary collection of customary and legal rights. Epping Forest, Wimbledon Common and Hampstead Heath all are places which the Commons Preservation Society fought, and gained, for the public in the early days.

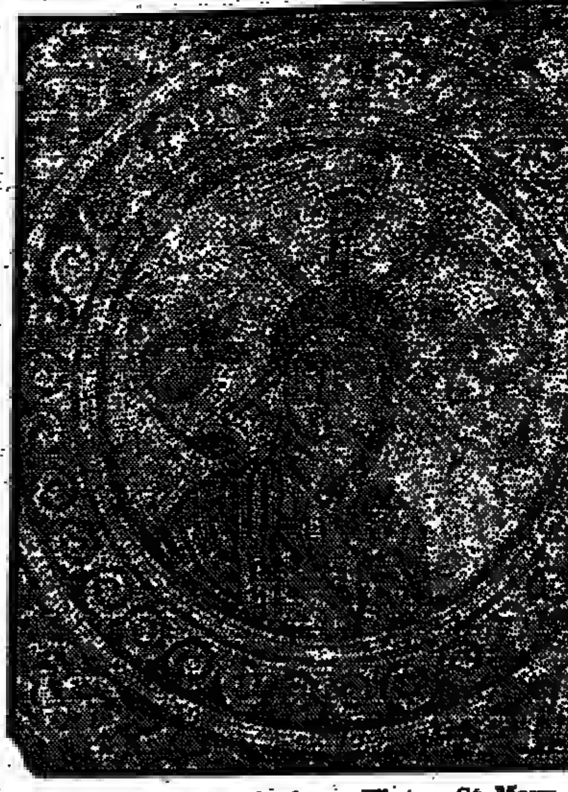
Bowing to the limitations imposed by a small membership and tiny office, the society cannot aim at an acquisitionns policy (although is does own a patch of Painswick, in Gloucestershire). It fights public inquiries on issues as diverse as the transformation of Maltby Commons, South Yorkshire, into a golf course, or part of Portland Bill into a lobster farm and "undersea world." But every time a lordship of the manor is sold, any unregistered common land is vulnerable to sale and development. Despite the abolition of the manorial system in 1922, many of the privileges (and anomolies) linger on.

Ironically, in view of the different paths they have followed during the 20th century, the National Trust grew directly from the Commons Preservation Society; both Robert Hunter and Octavia Hill were central to both organisations at the start. The Trust was well placed to receive the fruits of the battles fought by the society: it now owns some 200 commons.

Nowadays, the Trust, with its concentration on financial viability and its need for endowments, is not always able or willing to take on further stretches of unproductive land. The sad debacle of the Black Mountain, in the Brecon Beacons National Park — a 22,000-acre common which changed hands three times in a year, the price doubling in the process—left the Open Spaces Society disappointed at the failure of either the national parks authorities or the Trust to provide a safety net.

Although few people now depend on what they may glean from common rights, the principle based upon access to that land is as important as ever.

Gillian Darley



The mosaic from Hinton St Mary

Angels in the realms of Rome

ONE of the best bits of *Little Arthur's History of England* is Gregory's seeing the boys from Britain about to be sold into slavery in Rome and remarking: "Not Angles but angels" *(non Angli sed angeli)*.

When he became Pope he sent Augustine, who landed in Kent in 597 to convert us. Christianity grew fast, though it was partly a re-conversion — there had been some Christianity in Britain for about 400 years. In the last century of the Roman rule (43-410) the best evidence for it is from the country villas of the landed gentry. Class entered early into the practice of religion here.

The story gives a new view of the later Roman empire. The evidence is poor till the 4th century, and not plentiful then. But remarks in Tertullian and Origen referring to parts Christians could not reach suggest there were some Christians here — in the late 2nd or early 3rd centuries.

That fits with the now generally accepted date of 209 for our first martyr St Alban, of Verulamium and St Albans Abbey. At the Council of Arles in 314 there were three British bishops (London, York and Lincoln), but it is difficult to find evidence on or in the ground to fill the time between. In the 4th century everything changed.

One surprise is that the earliest collection of Christian silver in the Roman empire comes from Water Newton in what used to be Huntingdonshire, the Roman town of Durobrivae. The hoard of about 30 pieces includes jugs and bowls, discs and plaques, of the early 4th century, some perhaps harking back to the 3rd. Several have the Chi-Rho monogram (standing for the first two letters of Christ in Greek). An inscription on one bowl says, "I, Publianus, honour Thy holy sanctuary, Lord." The word for sanctuary is altare.

A coroner's inquest declared that the find was treasure trove (and so Crown property, and now in the British Museum), meaning that it had been hidden on purpose. Why? Perhaps there was a danger that pagan Britons would snatch it, which would have disrupted the sanctuary from which it seems to have come. Or there may have been raiders, such as those who carried off that native Briton St Patrick late in the century. Or was it hidden because of an official persecution?

Yet from 313 the emperor Constantine began to follow Christianity and make the empire Christian. Chi-Rho became the official badge: on his own helmet, and on the soldiers' shields and on the imperial standard. Christian soldiers went onwards.

The first church is from around 350 at Silchester, between Reading and Basingstoke. Following early practice and reversing what is usual nowadays, it faced east-west, with a curved apse at the west, and two side-aisles. A mosaic with a cruciform design is where the altar may have been.

Outside to the east a soakaway may be what is left of a baptistery, which would make the church a cathedral, or a place for ritual ablutions before entering. The church is only 30 ft long and 10 ft wide: and suggests a small and probably poor congregation.

The grand 4th century villas with Christian pictures belonged to a different class of people, comparable in wealth to the stewards of the Water Newton hoard. The wall paintings of Lullingstone in Kent seem unique in the north-west Roman empire.

The mosaics at Lullingstone are not so Christian and may be a little earlier in the 4th century: a diaphanous Europa rides the bull, and Bellerophon slays the monster Chimaera. But this makes the mosaic from the villa at Hinton St Mary, Dorset (now in the British Museum, as are the Lullingstone paintings) all the more remarkable as its two parts have to have been made together.

The west part from Hinton has Bellerophon again. The east has a bust facing east of a fair, shaved man with dark eyes. Chi-Rho is behind his head, and pomegranates are either side.

What does it mean? And who is the figure? He is probably not a local Christian, or a saint, or even a Christian emperor, as it is not a political or official setting — nor were emperors shown with pomegranates (symbols of immortality). The most likely person is Christ Himself.

The biggest objection to that is that he is on the floor where he could be trodden on. But at Aquileia Italy there are three Good Shepherds on the floor, while an imperial decree of 427 forbade putting the Cross on the floor—which means that it was being done.

If the interpretation is right, Bellerophon becomes here a classical motif Christianised, a precursor of St George and the Dragon, or St Demetrius, overpowering death and evil — (unless the remote possibility is true that this was a family with both Christian and pagan members). If so, they agreed about making the floor covering, if not about religion.

The best evidence for soldiers becoming Christian is the church in the fort at Richborough Kent; but there is little more. Christianity does not seem to have had the popularity one might have expected after the success of another Eastern mystery religion, Mithraism.

As Roman rule was coming to an end, people we can identify came into the scene: St Ninian, the Scottish missionary; Pelagius the heretic; and St Patrick, born in Britain, apostle of Ireland and the first writer outside the frontiers of the western Roman empire.

Gerald Cadogan

Three-tier plan for a problem

JOHN BOND, keeper of the gardens at Windsor Great Park, referred to the Savill and Valley Gardens under his control: "We like to plan the gardens on three levels, at the top the trees, in the middle the shrubs and at the bottom the herbaceous plants."

As I pondered his words it occurred to me how different this aproach was that of most garden designers. Nearly all seem to see the design in plan and normally present it in this way to their clients, most of whom have great difficulty in visulising a three-dimensional scene from a two-dimensional drawing. I sometimes wonder whether the designers themselves have made the necessary translation or, if they have, whether they propose to take adequate steps to ensure that the right plants are put, and are then maintained, in the right places.

For that is what is really at the heart of the matter. Plants, however nice they look at first, have an uncomfortable habit of growing out of scale and so all gardens in which plants play a prominent part undergo a change with the passing years and require constant adjustment. I got the impression that, for John Bond and all those who have preceded him at Windsor, including the great Sir Eric Savill himself and his able assistant, and over many years, Mr Hope Findlay, plans on paper were a relatively unimportant matter or maybe not required at all.

I remembered a conversation I had many years ago with Mr Ernest Kleinwort, the financier who made the great garden at Heaselands, his home near Haywards Heath. He made it himself with no professional advice other than that of his own staff of gardeners and he told me that when he was considering the placement of important trees, he would send his head gardener out into the grounds with poles while he ascended to an upper room with binoculars and loudhailer and instructed him where to place the poles.

He was, in effect, putting in John Bond's top storey and making quite certain that it was correctly placed where it would make its due effect without being concealed by other elements or itself concealing what should be seen. When I repeated that conversation to the head gardener a year or so ago, he agreed and added that Mr Kleinfort would often leave the poles in place for a year before he finally made up his mind.

It is in this kind of planning, on the spot and continued over years, that the owner is so much more favourably placed than the landscape architect. He can plant and replant, build and, if necessary, rebuild year after year until everything is right. By contrast the professional adviser must present a complete scheme, see that it is properly carried out and then depart, maybe never to see the garden again. That may work out satisfactorily if the garden is mainly architectural but it could be a recipe for disaster if it relies heavily on plants.

Even with the most careful planning at three levels Mr Bond is quick to point out that many adjustments have to be made. Some plants grow too fast and begin to obscure vistas which they were meant to frame. Trees grow out of shape or scale and require skilful surgery. Shrubs, intended to be seen as individuals, grow into thickets and ground cover becomes a tangled confusion.

Even in the well ordered Savill Garden I noticed that the gravel beds, made in 1978 to provide a satisfactory environment for plants from the dry and sunny parts of the temperate regions, have suited these plants so well that the original conception of low, scrubby growth is disappearing. No architect can plan for horticultural problems such as this and yet ordinary gardeners are not always the most aesthetically sensitive to them. They may well be happy to see the plants doing so well and not notice that, in so doing, they are spoiling the intended effect.

Such problems are greatest when trees and shrubs are freely used, as they are at Windsor Great Park, Bodnant, Sheffield Park, Leonardslee and other large gardens. Three-tier thinking is not quite so essential in smaller, more intimately planned gardens in which trees play a minor role mainly as background and focal points. But the only kind of garden that can be fully visualised in plan is the old-fashioned parterre in which a pattern is laid out on the ground, and it is no accident that the best of these are always placed where they can be seen from above. Originally it would have been from the windows of the house or from a two-storey pavilion or gazebo in the garden, such as that in the delightful little enclosed garden at Edzell Castle, Tayside, completed in 1604 and now the oldest garden in Britain that has survived in its entirety.

Arthur Hellyer

Josephine Forrest looks at London's antique markets

Steptoe's image goes glossy

Decorator's paradise: Camden Passage

THE STEPTOE image of the magical world of antique street markets has lingered too long. The market has steadily been going "up." Today's dealer is likely to be an early retired or redundant executive sinking a gold-plated handshake into silver-plated stock (blue chipped in some cases).

Or they may be graduates or public school leavers, doing their research and "homework" as never before; never really intending to stay in the business but being sucked into the adventure and gamble of it all. The new specialists are here.

There are a variety of street antique markets in Central London, but the five mentioned here are top for quality, quantity, specialist knowledge, freely given advice on where to find it; or on who can repair and restore it. They can provide bargains galore, family outings, and all the fun of the fair.

Bermondsey and Portobello markets are long established; Camden Passage started in the early 60s; Covent Garden after the fruit and veg went across the river to Nine Elms; and Camden Lock followed soon after.

At Portobello Road, the market closest to my heart, it is Christmas every Saturday. You never know what will turn up but something always does: sometimes treasures, often mistakes. Here 7.30 in the morning is "good afternoon" time, since everyone wants first look.

Portobello on Saturday has many more goodies to offer. Past the antiques is a first class fruit and vegetable market, sumptuously stocked English and Spanish delicatessens, musical instruments and budding designer clothes.

Underneath the bridge inside, is the DIY bead shop, furniture restoration, designer knitwear, leather and lacewear. And outside are the records, modern books, Victorian nighties, fur coats, mohair, and all the glitter.

Its all here somewhere. You just have to find it.

Portobello Road, W11.

The heart of Portbello Road market is at the junction with Westbourne Grove. Where taxis and chauffeur-driven limousines pick up and set down the be-jeaned and the be-minked from early morning.

There are over 100 shops and arcades and over 3,000 dealers from all parts of the country, many travelling throughout the night to set out their stalls for 7 am.

There are specialists too numerous to mention. An early start, as with the other markets, is essential, both for bargains and for getting about quickly.

The real treasures are inside in the shops and arcades.

At No 85a, J. Freeman (open Monday to Saturday) specialises in domestic silver, silver plate, and old Sheffield plate.

Further down the hill in Antiques Arcade No 113 is glass dealer Stephen Parry, specialising in 18th and 19th century glass. Lined up for New Year drinks are his spirit and wine decanters (£20-£90) and Victorian wine and sherry glasses with coloured bowls—red, green, purple and blue.

Demetzy Books, antiquarian book dealers, are also here. Owner Paul Hutchinson offers a wide range of mainly 19th century antiquarian books, including medical, cookery, foreign travel, 18th and 19th century colour plates, 20th century illustrated children's books and finely leather bound sets.

Up at No 99 is Edgar Phillips, renowned dealer in 18th and 19th century painted and stained glass. He has been dealing here for over 20 years.

Down the hill again, upstairs at the Red Lion Arcade is ex-apprentice lion-tamer Cedric, the Victorian Taxidermist Specialist. Here you can find 19th century fruit hats (£175), crocodile heads, grinning black bears' heads, stuffed bird (£42), firescreen (£785), original English spaniel with prey cased in 1830 (£595). And the six-legged sheep and the four-legged chicken and pickled unmentionables. True period curiosities.

Portobello Market opens 7 am all day; caters for all; happy and lively. Whatever you want you can find it here.

Camden Passage N1.

FOR those who wish to "decorate" rather than just furnish their homes, Camden Passage is a must. In the main passage 100 yards of shops and arcades offer the most exciting, curious and exotic objects and furnishings. Here, Gordon Gridley specialises in primitive, marine and sporting paintings, nautical woolwork pictures, samplers, garden furniture and unusual items.

In the Georgian Village there is The Box Shop crammed with boxes for all needs and occasions. There are ivory patch boxes, card cases, kingwood tea boxes, Napoleonic straw-work, Regency Tunbridgeware, and much more.

Market days are Wednesdays and Saturdays, and outside stalls trade in antique and '30s jewellery, silverware, art deco and art nouveau, and collectables. There are snack bars, restaurants and pubs all within the market, and transport and parking are good.

Covent Garden Market WC2

THE delight of Covent Garden is that you are there as soon as you come out of the tube.

The Pen stall, run by the Scally brothers, sells and services fountain pens, late 19th Century to 1930s: Parker, Swan, Conway-Stewart etc, plus dip pens in ivory, silver and mother-of-pearl. Look for travelling inkwells, inkstands and single glass and brass inkwells (from £12 upwards); writing cases and fitted dressing cases in crocodile and leather.

Further down in this market a specalist dealer in antique bottles, pot lids, poison bottles, caviar jars and Victorian china pudding dolls. Almost next door is a specialist coin dealer offering Roman bronze coins from £2, bronze pilgrim badges, ancient brass thimbles (from £25). For offbeat gifts there are tiny plastic packets of assorted medieval artefacts—at £10!

Outside are the clothes and textiles, mainly 50s and 60s, all neatly racked and labelled and ready to wear. These sell mainly to the under thirties, but Covent Garden is for everyone, with entertainment galore

Bermondsey Market SE1

BERMONDSEY is the oldest antique market in this group. Start early since it is all over by mid-day. This market is not for the hesitant and indecisive, and certainly not for browsers and family outings.

The main market is outdoors on the square, selling everything from bric-a-brac, brass, bronzes, textiles, oriental wares, tools, pictures, prints, silver and silver plate, to furniture off the vans.

Camden Lock Sunday Market NW1

THIS is the market which just cannot stop growing. But not, alas, in quality though it is still a good value pre-Sunday lunch family outing. Although there are fewer stallholders selling antiques now, the crafts, pottery, fake jewellery, home-made cake and sweets, woolly jumpers, nearly new shoes, and hot curry all appear to be thriving, side by side in the Canal market. Best buys here, are the feather-filled carpet cushions made from Shiraz, Belouch, and Kazak carpets.

Up in the old stables in stall No. 5 there is a wonderful display of 30's to 60's plastic and bakelite items. Clarice Cliff and Susie Cooper pottery wall vases and beads; black and chrome toasters and fans; and everything for the cocktail party. Tremendous fun.

Festive illustrations

Soft soap: Pears Annual

"AND SO it happened that, one afternoon, not long before Christmas, we were playing together on the billiard-table in the great hall... when all of a sudden she cried out, "Look Hester! Look! There is my poor little girl out in the snow!"

So Mrs Gaskell built up the suspense in The Old Nurse's Story, first published in the 1852 Christmas supplement to Charles Dickens' magazine Household Words.

Dickens, called G. K. Chestertone "the apostle of Christmas," owned and edited the journal. But because of an argument with the publishers he closed it down in 1859, promptly replacing it with another, All the Year Round, with exactly the same format.

The 1870 Christmas issue featured Sheridan Le Fanu (1814-73), the Irish novelist and poet known for his macabre stories. The White Cat of Drumgunniol described the mysterious appearances of "a big white cat, with green eyes as big as half-pennies," of which it was observed "no one of us who sees it need hope for long life after."

If this kind of thing whets your collector's appetite, Victorian and Edwardian Christmas magazines can be bought from a few pounds to £30 according to date, condition and rarity. They take you pleasantly through the byways of literary and social history.

Bram Stoker (1847-1912), the author of Dracula, was a regular contributor to Holly Leaves the Christmas number of Illustrated Sporting and Dramatic News.

The Grand Double Number of Pluck, 1899 (at one penny, double the usual price), contained "a splendid new serial Britain in Arms." (Harmsworth's Pluck, begun 1894, was High-class Weekly Library of Adventure at Home and Abroad," featuring "All Sorts and Conditions of British Heroes.")

The quality of the illustrations in these festive offerings was outstanding, many produced as full-colour presentation plates. By far the most well known was the reproduction of Sir John Millais' Bubbles which first appeared in the 1887 Christmas number of The Illustrated London News. The boy was his grandson, later to become Admiral Sir William James—shown watching a soap bubble he had just blown through a clay pipe.

After exhibition as A Child's World at the Royal Academy, the painting was bought by Sir William Ingram for his ILN magazine. After it was engraved by G. H. Every it was sold for £2,200 to the soap manufacturers A. and F. Pears and used as a soap advertisement.

At first Millais was horrified, but got used to the idea when he saw the high quality of the reproduction. Soon Bubbles became one of the most famous posters in the country. The original hangs in Hesketh House, Portman Square, headquarters of Pears, now part of Unilever.

Pears was also renowned for its annual, published every Christmas from 1891 to 1920. Just under half a million copies were sold every year within a few weeks of publication. (Its Encyclopaedia is still an annual publication).

Hugh Thomson (1860-1920), one of the most popular and influential illustrators of his generation, provided full-page colour drawings for the annual from 1894.

Although early issues were a shilling, by 1907 they cost only sixpence, including four-coloured presentation plates.

The festive industry was also given considerable coverage in The Sphere. A. A. Milne, contributing "seasonal thoughts" in 1910, was rather scathing about it all, writing that he knew a man who lived by writing things about Christmas. "He begins work in August on the more elaborate Christmas numbers, sticks to it hard until the end of the year, and finishes off in January with such articles as "Christmas in retrospect."

Useful sources of vintage Christmas magazines are Childhood Books, 01-854 1963, and Barbara Stone, 01-723 2829. Both dealers and collectors advertise in the Book and Magazine Collector, 45 St Mary's Road, Ealing, London, W5 (subscription £16 a year for 12 issues, or $40 to the US).

June Field

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DIVERSIONS

Clairvoyants join **Lucia van der Post** on the edge of 1986

Handholds on the way to the stars

Lucia van der Post

HOW TO SPEND IT

A NEW YEAR. New beginnings. Full of possibility and ripe with hope; but fears of the unexpected are never far from the surface.

Those of us who hope for tall, dark strangers, pots of gold at the end of the rainbow and a long, happy and healthy life, might be tempted to find out if this is the year when they all come true.

So it is a good moment to test the world of the paranormal, to see what it had to offer to those who, like me, had never looked into it before and approached it in a spirit of mild scepticism but considerable curiosity.

I decided to consult three people, all recommended to me by friends or working acquaintances who spoke warmly of their integrity and found them invaluable in seeing them through life's more difficult moments. Two were palmists and clairvoyants, one an astrologer and Tarot card reader.

For what they had to say, read on. One word of practical advice—take a tape recorder with you if you can (except to Marjorie Orr who provides a tape herself). All three of the women talk nineteen to the dozen and it is quite extraordinarily difficult, as I found, to take notes while your hands are being read. Unless you have a record the details of what was said will escape you.

Bettina Luxon: quite unlike the stereotype of a gypsy with a crystal ball

BETTINA LUXON has been reading palms and Tarot cards for many years. A warm, friendly woman, quite unlike the stereotyped vision of a gypsy with shawl and crystal ball, she operates from her simple council flat in a rather shabby part of London, but round her kitchen table (where she does all her readings) have sat innumerable people who, for one reason or another, needed help and some kind of hope, or counselling about the future. Millionaires and film-stars, bus drivers and clerks, men and women from all walks of life have trod the stone steps up to her flat.

The reading took about half an hour; it included looking at both palms and a reading of the Tarot cards. As with Mme Arno, she reads both hands; the left hand (in a right-handed person) reveals the character traits you were born with and much about your past: the right hand shows how you have used the traits you were born with.

I booked in in my married name; she had never seen nor heard of me before. It cost £15. Tel: 01-354 2646.

"Goodness me, but you're far too soft," she began, after looking at the left hand. Then, after a look at the right hand, "But you've hardened up and just as well, if you don't mind me saying so!

"You weren't born with a silver spoon in your mouth. I can see you've worked hard for everything you've got. You worry much too much. Try and cut out the trivialities—don't let them get to you."

"I think you would do very well if you were self-employed. You should be doing something which is really artistic. Have you ever done any acting. No? Not even as a child? What a pity, you would have had a great success. I think you should begin to write—you really would do extremely well. I think you'd be lovely at romantic novels. It's about time you thought about it. You'll make your name. But I don't see you writing under your married name—I see another name there somewhere.

"I see two, or is it three, children? You have two? Yes, well, they are as different as chalk from cheese. The 22-year-old is very fond of Mum. He's going to do extremely well. Is he in property? No? Because I see him with an awful lot of property — here as well as abroad. I also see a girl in his life who can either make or break him. He has a lot going for him.

"The girl — I see a very pretty girl — she needs to better herself. She needs a change of career — a golden opportunity will come for her. It may seem a setback at first, but it will be a blessing in disguise.

"You've had quite a lot of difficulties in the past but these seem nearly over. The best times are yet to come. You're heading for a heck of a lot of happiness.

"You will inherit, not for a while yet, but when you do I want you to be careful of the vultures.

"I see a new romance coming into your life—why do I see that? You're not a widow, are you? No?—you lucky dog! It's very strange because the bond between you and your husband has never been better—much better, I'd say, than in the early years — but someone you knew a long time ago will come back into your life. He's done very well for himself. Possibly he's younger than you. Can I describe him? Has he got a Jewish appearance? He has greying sideburns; immaculately dressed with a fine moustache and a very sexy dimple. He's self-employed, and what a little darling he is, too—if you don't want him, you send him right along here. He's lovely. What a gentleman.

"He's either married or has been married, but there have been problems or troubles. But he's very warm. I see him with a child at college who is rather a disappointment.

"You're not to worry—everything will work out well in the end—nobody's going to get hurt. This man thinks the world of you.

"I see some worries about somebody elderly — do I see somebody with arthritis who has to climb some stairs? Well, get them into a place all on one level—yes, you really must try and talk them into moving."

After the palm reading came the Tarot Cards.

"If I say little money-bags—that'll be you. But here, look, I see a warning about reading the small print before signing papers. Three months from now there will be a celebration—perhaps a wedding? But you really should have made a lot more headway in your career by now. What do you do? Oh, you're a journalist! Well, why aren't you an assistant editor?"

Madame Arno: a faithful clientele consults her regularly

MME ARNO is a palmist, clairvoyant, and astrologer. She, too, has a faithful clientele, many of whom consult her regularly. She is a small, cheerful, friendly woman who lives in a cosy cottage in south London where she does some of her readings. She also goes to people's homes, offices and parties. She charges £10 a time.

Once again, the reading of palms took about half an hour and then I played out the Tarot cards (whereas Bettina Luxon had played them out herself, after I had handled them). Again I booked in my married name.

"It is very strange, but you look like a glamorous, artistic sort of person who ought to be involved with the design world or in the fashion business but that is not what your hand says. Your hand says that you are a very practical, capable, level-headed sort of person, not flighty or fanciful.

"I see there has been quite a lot of frustration on the romantic fronts — those are the lines crossing Venus — but in spite of those setbacks you did not let it get you down. You have had quite a hard life. You carry on as if everything looks fine but really you have had to work quite hard. But do not worry — in the middle years everything opens up for you, and there are marvellous opportunities ahead.

"You meet many interesting and important people, and through one of them your life will open out. It will be a crucial meeting. In fact everything will depend on how far you are willing to go to bring this marvellous luck into play.

"Your left hand shows you were born with more drive and ambition than you have used—in your right hand your thumb shows you have retreated a little. Demand more of life and everything will be possible."

Then Mme Arno asked me to handle and shuffle the Tarot Cards after which I laid them out as decreed by her. Mme Arno uses the cards to complement the reading of the hands.

"The cards tell of your approaching prosperity of greater satisfaction in your work, of accomplishment, joy, happy relationships, unselfish sentiments" ("a bit too unselfish in my view," she added) "high spirits, warmth and freedom." The Empress (one of the cards I laid open) is the top card for a woman — it tells of power, feminine progress, action and attainment, of a person capable of motivating others, a leader, practical and capable. But it is no use being nice and gentle and ladylike — you must learn to be forceful and aggressive, you have got to learn to hold your own.

"The Moon" (the third card I laid down) "I do not like at all — it speaks of vacillation (sometimes you see it, sometimes you do not). It is a warning of deception, trickery so take heed. There is warning there of some exploitation, craftiness, something to watch for.

"There will be a few clouds but they will pass — the overall direction is one of great, great happiness and much greater prosperity. In a Puritan sense the biggest worry seems to be the danger of a romance which could deflect you. When you get choices take great care, choose with wisdom. Do not rush headlong in — find out all the details before you decide."

MARJORIE ORR is an astrologer who also read Tarot cards. She believes these is now a clear middle-class intelligent interest in the whole subject (it has moved away from the gypsy, crystal-ball image). She uses astrology as a tool to help people understand themselves, believing that the more you know about yourself, the more you can help yourself.

So far from a fatalistic, deterministic approach, it hands responsibility back to the individual—it shows you the choices you have and helps you use the opportunities that come your way. She emphasises that it is a very powerful tool, and that some people find it very strong medicine. She charges £60 for a chart and reading, £20 for reading the Tarot cards. (Tel: 01-435 2117). She did know who I was.

When I arrived she had already drawn up a chart showing the planetary system at the moment or my birth.

"Your mother will have had a very difficult time both before and after you were born. As you didn't have an earth mother you will be very restless and carry a great sense of insecurity. Your link with your father, although he wasn't around a lot, is a strong and clear one. You need to come to a sense of your own inner security—you won't find this externally, you must find it within yourself. This also makes you need something solid, and you need financial security for true happiness.

"I wouldn't say your chart is a typical journalist's chart. Neptune, as in your sign, is very creative and very often found in the caring services. But you are ambitious, though, with Neptune opposing Saturn, you can be very nervous, prey on irrational fears, slightly phobic and sometimes having trouble differentiating between reality and fantasy.

"For actors this is useful because it gives them access to the realms of fantasy and creativity.

"You tend to put pressure on other people to change to suit you, and I see some power struggles to do with money. Your children will be quite individualistic as people — certainly not run-of-the-mill children.

"You're quite scared of close one-to-one relationships, and you tend to need a close partner in life who gives you a lot of elbow room. If you had a close partner who tried to tie you down, you'd probably jump out of the window.

"At the same time you don't like living at a superficial level at all, and this contradiction between wanting a deep attachment and not wanting to be too claustrophobic provides continual tension in your life.

"Your problems in early life can be the source of energy which drives you on to be successful in later life. You have a great mixture of talent, luck, ease, and the good things of life, coupled with more than your fair share of emotional problems.

"Earlier this year when Neptune was squaring Mars you would have felt undermined on the career front, and would have felt low energy levels. From October to November there was fairly unrelenting pressure on you with power struggles at work. This month does not look good—do absolutely nothing over Christmas.

"But from January to mid-February things begin to look up—Neptune is crossing Venus and all through 1986 and 1987 you should have a very creative, fascinating time. Above all it will be very, very romantic. If you have a happy relationship at home (though you are inclined to be over-idealistic) it will be a very happy time.

"Neptune makes you compassionate and caring so beware of being drawn into a relationship that is too dependent (say an alcoholic). Use Neptune energies in a positive way—write poetry, paint pictures, make music.

"Some time over the next year you may begin to rethink your destiny in life. If what you are doing suits you that is fine but I doubt if journalism offers you all you really want.

Marjorie Orr: hands responsibility back to the individual

Cookery

Antidotes agree

NO SOONER is the Christmas Day feast over than I find myself thinking about food all over again. This time the emphasis is on plain and simple. I want dishes that are light work for the cook and light on the stomach. Pure and soothing broths are the perfect antidote to over-indulgence at Christmas. Salads are good, too. Invariably quick and easy to prepare, they are often the best possible means of vacuum cleaning up foods like Stilton, grapes and nuts, which most of us seem to buy unnecessarily much of.

SPINACH SALAD WITH STILTON AND WALNUTS

Served with good bread warmed in the oven, this makes a light main course salad for two people. Use twice as much spinach for a side salad for four or more.

Bash 1 oz walnut kernels with a rolling pin, or otherwise reduce them to small pieces but not to a powder. Toast the nuts until well browned and very savoury by spreading them on a baking tray and putting them in the oven at 375 F (190 C) or gas mark five for 10-15 minutes.

Mix in a salad bowl ½ tsp Dijon mustard, 1-1½ tsp wine vinegar, a little salt and pepper and 2 tbsp walnut oil.

Add thoroughly washed and dried fresh spinach which has been stripped of coarse stems and any yellowing leaves (about 4 oz prepared weight) and toss to film the leaves with the dressing. Add the nuts and about 1½ oz crumbled Stilton cheese and mix well before serving.

MUSHROOMS WITH SUNFLOWER AND SESAME

Make a salad dressing using sunflower oil and lemon juice as the main ingredients. Spike the dressing with a good dash of Worcester sauce and give it a smoky richness with a little sesame oil. Do not season the dressing with salt. Slice ¾-1 lb small cap mushrooms. Toss them in the dressing, cover the bowl and leave in a cool place for several hours, stirring occasionally, or overnight.

Toast a generous tablespoon of sesame seeds, then 2 tbsp or more of sunflower seeds, by shaking them (separately) in a dry frying-pan over moderate heat. Let the toasted seeds cool slightly before adding them to the mushrooms with a seasoning of salt. Toss and serve alone or on a bed of Chinese leaves.

RED CABBAGE WITH GRAPES AND YOGHURT

Whereas many cabbage salads seem to have a rather harsh brassica flavour, I find this one agreeably aromatic. It goes well with cold Christmas meats and is useful to include in a selection of salads for a buffet party. Quantities given here are enough to serve 6.

Crush 5 juniper berries with mortar and pestle. Put them into a large salad bowl. Add the finely-grated zest of an orange and 4 tbsp freshly-squeezed orange juice. Gradually beat in ¼ pt Greek ewe's milk yoghurt, then season with a dash of salt and a generous grinding of black pepper. Let the dressing stand for about an hour so that flavours blend and infuse.

Shred 1¼-1½ lb red cabbage and toss it in the dressing about an hour before you plan to serve the salad so that the cabbage can begin to soften slightly. Shortly before serving, mix in ¾lb or more halved and seeded black grapes. Peeled, stoned and halved fresh litchis make a delicious alternative to grapes.

ORANGE AND CHRYSANTHEMUM SALAD

This is particularly good for serving alongside rich cold meats such as pork, goose and duck. The petals of huge tawny-gold chrysanthemums look splendid and have an intriguing flavour, vaguely reminiscent of chicory.

Peel 3-4 thin-skinned oranges, taking care to remove all bitter white pith and membrane. Slice the fruit into thin rounds and remove pips with the point of a knife. Sprinkle the fruit with 1 tsp of brandy, a squeeze of lemon and a slurp of fruity olive oil. Add a good grinding of black peper and a little sea-salt. Strip the petals from a large chrysanthemum and scatter them over the oranges immediately before serving.

More salads next week

Philippa Davenport

High Street wines

Typical tipples for tasting

SAINSBURY has achieved so dominant a position in the high street wine business that it is necessary to look particularly critically at what they have to offer. At a pre-Christmas tasting it showed a wide variety of red and white table wines, many of them recent introductions.

WHITES

Tocai Friulano Aquileia, N.V. (£2.39) This new addition from the Venezia Guilia is dry, with some body, but spoiled for me by being distinctly sulphury. Some people are more sensitive to sulphur than others, and I am one of them.

Pinot Grigio Alto Adige 1984 (£2.95) Pinot Grigio is Italy's fashionable dry white wine, and this one has a nice, fruity nose, with a dry but flavoursome taste. An attractive wine for every day drinking.

Frascati Secco Superiore, N.V. (£2.29) A dry but to my taste, very green wine. I have never found much virtue in Frascati, and once shocked two Masters of Wine by suggesting that it was a wine the world could do without. Romans would also be shocked since it is their local tipple, and probably His Holiness drinks it regularly in summer at the papal villa. Try it and make up your own mind.

Chablis Domaine Montée de Viviers 1983 (£4.95) Frost damage killed 10 per cent of the vineyard last winter, and this, with the ever-present threat of hail, means that chablis prices are likely to go through the roof.

This one has good typical aroma, and a dry but fruity flavour. Worth buying to keep a year or two since it still needs time to show its best.

Mâcon Blanc Domaine Dussuage 1984 (£3.35) This has much more quality and flavour than a great deal of white Mâcon and provides a very agreeable glass of wine.

Chardonnay White Burgundy N.V. (£2.95) Chardonnay wines are now turning up from all over the world but this one from its Burgundian source has the authentic nose and depth of flavour. Good value.

Montagny Premier Cru 1983 (£5.95) Not much bouquet in this Cote Chalonnaise chardonnay but it has good depth of flavour. Makes a fair alternative to the more expensive Cote d'Or whites.

Pouilly Fumé Chantolouettes 1984 (£3.75) This upper Loire wine has the typical strong Sauvignon nose and very dry flavour. A wine of some class and character.

Gewurztraminer d'Alsace 1983 (£2.99) Very typical, but too aggressive for me, and slightly sweet.

Ayler Kupp Riesling Spätlese, Ayl Winzerverein 1983 (£3.35) Crisp but sweetnose and long taste, with the excellent acidity needed to give balance to this fine Saar wine. A bargain, and one worth holding.

REDS

Buzet, NV (£2.35) From a vineyard, about 75 miles to the south-east of Bordeaux, practically renewed after the last world war, and producing light, claret-style wines. Not much body to this one, but it is agreeable drinking.

Minervois Ch. de Gourgazaud 1984 (£5.25 per magnum) This full-coloured Midi wine has an earthy taste and some tannin and acidity typical of the region, but is surprisingly well-developed.

Burgundy Pinot Noir, NV (£2.95) One does not expect much colour or depth of flavour from generic red burgundy, but this is very pale, has little nose and lacks flavour.

Ch. Maucaillou, CB, Moulis 1981 (£6.45) Medium colour with a strawberry bouquet, some tannin, but good flavour.

Nuits St Georges, Chanson, 1979 (£9.95) A brown tinge to the colour, but a fine, typical burgundy bouquet. It is slightly dry on the palate, and is for drinking now.

Edmund Penning-Rowsell

Looking back over a busy year of general publishing

Other people's lives and how they lived them

WE THINK of the Royal Festival Hall as a venue mainly for musical performance, but on January 30 an event is in prospect there of a rather different kind. It is a debate to be held under the auspices of the Folio Society, the Folio Literary Dinner and Debate. The motion, based on a remark by George Eliot is: "Biographies are generally a disease of English Literature." The proposers are Germaine Greer and Auberon Waugh; the opposers Victoria Glendinning and Richard Holmes; and Frank Delaney is in the chair.

With those soloists on the podium, members of the society privileged to be present (at £23 a head) will no doubt hear some magnificently impassioned arias and stirring trumpet voluntaries for and against the motion, but, without in any way trying to pre-empt the vote, when the past year's publishing output is taken as a whole, it seems widely off the mark to think of its biographical (and autobiographical) elements as any kind of threat to the health of literature. The patient, though continuing to suffer from the usual crop of imaginary complaints, can rarely have been sounder in wind or limb.

The biggest biography of the year—big, both in the stature of its hero and scope of its research, was Philip Ziegler's Mountbatten (Collins £15.00). Size apart, Mr Ziegler showed that an official biography, based on hitherto unpublished material, does not have to be a hagiography. The same combination of critical detachment and scholarly thoroughness marked Ben Pimlott's life of Hugh Dalton (Cape £25.00) a weighty contribution to the understanding of postwar politics and of a singular individual. Meanwhile, John Grigg's life of Lloyd George (Methuen £19.95) reached the crucial period from peace to war 1912-1916 and continued to demonstrate the unpredictability of the Welsh wizard.

Going back in time a little further still, we had Ruddock F. Mackay's **Balfour: Intellectual Statesman** (Oxford, £19.50). David Dutton's **Austen Chamberlain: Gentleman in Politics** (Ross Anderson, £12.95) and some intimate close-ups of Lord Curzon in India in **Lady Curzon: Letters of a Vicereine** (Weidenfeld, £12.95) edited by John Bradbury.

The palm, however, for glimpses of a great British statesman must go to Sir John Colville for the insight into Churchill's wartime working day to be found in **The Fringes of Power: Downing Street Diaries 1939-1955** (Hodder and Stoughton £14.95). A definitive account of another Englishman capable of inspiring absolute loyalty in the most difficult of circumstances came in John Cloake's **Templer, Tiger of Malaya** (Harrap £14.95), the life of Sir Gerald Templer.

Foreign statesmen and political figures to be reconsidered by able British and American biographers included **Petain: Hero or Traitor?** by Herbert R. Lottman (Viking £16.95). **Tito's Flawed Legacy: Yugoslavia and the West 1930-1984** by *Nora Beloff* (Victor Gollancz £12.95). **Helmut Schmidt: Helmsman of Germany** by Jonathan Carr (Weidenfeld £12.95) and the woman revolutionary Emma Goldman by Alice Wexler (Virago £12.95). And John H. Davis shed new light, albeit murky light, on **The Kennedy Clan: Dynasty and Disaster 1848-1984** (Sidgwick & Jackson £15.00).

Not every public figure with a tale to unfold waits for a biographer to come along. Several do the job themselves. Woodrow Wyatt, for example, in his buoyant **Confessions of an Optimist** (Collins £12.95) and Guy de Rothschild in the aptly titled **The Whims of Fortune.** (Granada £12.95.)

There was more light on banking as a profession in Eric Rolls' **Crowded Hours** (Faber £15.00) as well as other aspects of his varied career. Architecture and town planning formed the background to Lionel Brett's **Our Selves Unknown** (Gollancz £12.95) and *the automobile industry*, with jungle warfare of a kind to daunt even Templer, in **Iacocca** by Lee Iacocca and William Novak (Sidgwick and Jackson £12.95).

The motivation of some people in the power game defies the most assiduous researcher. A determined effort was made, however, by Robert Lenzner to fathom **Getty: The Richest Man in the World** (Hutchinson £9.95) and by Russell Miller in **The House of Getty** (Michael Joseph £12.95). Another lid-lifting operation was ably performed by John Plender and Paul Wallace in ***The Square Mile***, their guide to the new City of London (Century £9.95).

Even the most committed seekers after power and riches need occasionally to relax and where better than in the drawing room of a cultivated woman with a gift for choosing guests? Mrs Ian Fleming was one such; the nature of her world was clearly exposed in **The Letters of Ann Fleming** edited by Mark Amory (Collins/Harvill £16.50) as was that of Diana Mosley in **Loved Ones** (Sidgwick and Jackson £12.95).

The gilded, talented orbit of his mother, artist with her camera, was reconstructed by Antony Penrose in **The Lives of Lee Miller** (Thames and Hudson £16.00) while to the delight of devotees, Sir Rupert Hart-Davis came up with some **More Letters of Oscar Wilde** (John Murray, £12.50).

Like a modernised heroine of one of Wilde's dramas of high life and politics, Sara Keays told her version of events in **A Question of Judgment** (Quintessential Press £9.95)—a title Oscar would not have disdained. A lady who survived at the centre of public affairs, Beatrice Webb, kept a **Diary** well into the second world war. Publication of the *final volume, from 1924-1943* (Virago £22.00), edited by the Mackenzies, set the seal on a work of historical importance.

But what, you may be wanting to ask, have all these biographies, memoirs, diaries, what have you, got to do with literature? Of course in the field of current affairs biography may clarify the issues but does it in the case of an author in any way enhance one's enjoyment of his novel or poem?

The short answer to that must be "yes." Read, for instance, Michael Scammell's **Solzhenitsyn** (Hutchinson £18.00) or Maynard Mack's ***Alexander Pope: A Life*** (Yale U.P. £15.95), the year's two most considerable literary biographies, and you cannot but fail to have your appreciation of the poetry significantly increased as well as your understanding of the period.

Other considerations apart a biography ought to be a good read in itself. Certainly this was true of Richard Marius's **Thomas More** (Dent £16.95), Sheila Hodges's **Lorenzo da Ponte: The Life and Times of Mozart's Librettist** (Granada £12.95), Tim Hilton's **John Ruskin: The Early Years** (Yale U.P. £12.95). Martha S. Vogler's **Frederic Harrison—an unjustly forgotten Victorian pundit—** (Oxford £27.50). Selina Hastings' **Nancy Mitford** (Hamish Hamilton £12.50) and Gerald Nicosia's **Memory Babe: A Critical Biography of Jack Kerouac** (Viking £16.95).

Even reading letters and diaries the bare bones of such biographies may be helpful, particularly when the author is such a scintillating correspondent as Bernard Shaw whose **Collected Letters 1911-1925** (Max Reinhardt £25.00) edited by Dan H. Laurence appeared this year, or Dylan Thomas whose **The Collected Letters** edited by Paul Ferris (Dent £20.00) considerably updated the earlier selection by Constantine FitzGibbon, or Seigfried Sassoon whose **Diaries 1923-1925** (Faber £12.95) were edited by Rupert Hart-Davis or Orwell whose **The War Commentaries** (Duckworth £14.95) and **The War Broadcasts** (Duckworth/BBC £12.95) appeared, both edited by W. J. West who had dug deep into the BBC's Written Archive to recover them, or Stephen Spender whose **Journals**—or at any rate a sizable chunk of them from 1939 to 1983 (Faber £15.00)—were made public.

Show business is something else and in any given year spawns a crop of books which range from solid biography to mere rubber-necking. At the loftier end of the scale was Donald Spoto's **The Kindness of Strangers: The Life of Tennessee Williams** (The Bodley Head £12.95) and David Robinson's **Chaplin: His Life and Art** (Collins £15.00). Somewhere in between were Anthony Summers's speculative **Goddess: The Secret Lives of Marilyn Monroe** (Gollancz £12.95) and Penny Junor's **Burton: The Man Behind the Myth** (Sidgwick and Jackson £9.95). Among actors who looked back with insight on their careers were Alec Guinness in **Blessings in Disguise** (Hamish Hamilton £9.95) and Anthony Sher in **Year of the King** (Chatto £10.95).

Before making an end, the continuing phenomenon of the Oxford books should be mentioned. These have included 18th century verse, short poems, late medieval poems, military anecdotes, and many other topics. One of the most amusing was **The Oxford Book of Ages** (£8.95) edited by Antony and Sally Sampson on a year-by-year basis. Towering over these compilations came Margaret Drabble's **The Oxford Companion to English Literature** £15.00) which has added weight to many an A-level and first-year university English student's Christmas *stocking*.

All in all, not a bad year, even though it was a year which saw the death of some of the great names of contemporary literature, Robert Graves, Geoffrey Grigson and Philip Larkin at home. Heinrich Böll and Italo Calvino abroad.

Anthony Curtis

Heinrich Böll, Philip Larkin and Italo Calvino— three major writers who died during the year

Novels and stories at full flood

FOR WHAT novel-addicts have just received, from the writers and publishers of fiction, may the *Lord* make us truly thankful. 1985 showed no flagging of confidence; no sagging of standards sustained, over the past five years, higher than we have any right or reason to expect.

Novels are as inventive and adventurous as ever they were, as if in defiance of cuts in library and literature funding and continuing cries of "No one buys hardback novels" from booksellers doing really rather nicely, thank you, if rapidly extending chains of bookshops are anything to go by.

It is worth remembering that the average print *run* of *a* first novel is still the same as it was in 1975—between 1,500 and 2,500 copies. Sales of a title sometimes scarcely reach four figures. First novels are a serious publisher's serious risk; and so are collections of short stories, the other stream of bright talent least likely to sparkle in the marketplace.

Both categories brought gifts this year. Patricia Ferguson's wonderfully batty, believable mixture of East End angst and old-age eccentricities, **Family Myths and Legends** (André Deutsch, £7.95), and Jeanette Winterson's excellent **Oranges are not the only Fruit** (Pandora Press £4.50) were two award-winning firsts.

In these islands if an author *of a first-rate first* novel happens to be American, so much the worse for sales. **Bright Lights, Big City** (Cape, £8.50), Jay *McInerney*'s frolic through the menace of modern Manhattan, and Carolyn Chute's powerful, original chronicle of family dereliction and solidarity in rural Maine, **The Beans** (Chatto and Windus, £8.95), both deserved more ballyhoo than they got.

We were lucky to see them on this side of the Atlantic; luckier still that 1985 was graced by Grace Paley, that Manhattan *rara avis* whose delicate short stories skimmed in 1959 through **Little Disturbances of Man**, in 1974 through **Enormous Changes** *At* **the Last Minute**; and this year through **Later The Same Day** (Virago, £8.95). Readers who value English written with the sparest simplicity in the service of high intelligence will cherish Miss Paley's work.

Other trusted wordsmiths hammered and tempered short stories, Graham Swift's **Learning to Swim and Other Stories** (Heinemann, £9.95) splashed across domestic rivers as his characters reacted to different kinds of domestic drowning. Isabel Colegate gave **A Glimpse of Sion's Glory** (Hamish Hamilton, £7.95) in three flickering tales seeking order, even hope, in *universal* chaos. A. L. Barker's **No Word of Love** (Chatto and Windus, £9.50) declared that all we need is love to grow and grow old on: Patricia Highsmith's sinuous **Mermaids On The Golf Course** (Heinemann, £8.95) showed madness and terror in little studies of macabre suspense.

Penelope Gilliatt's fifth collection, **They Sleep Without Dreaming** (Macmillan, £9.95) — mostly reprints from the New Yorker — managed to be both funny, moral, and marvellous; but there are few English story-tellers funnier, more moral, or more marvellous than Fay Weldon, whose clipped, distinctive style and scabrous wit flashed across **Polaris and Other Stories** (Hodder and Stoughton, £8.95) with undiminished skill; devastating satire in the cause of decency.

Peter Ackroyd, A. S. Byatt, Anthony Burgess, John Fowles, Doris Lessing, Stanley Middleton, and Iris Murdoch all wrote *novels* this year which, give or take a shudder of disgust and a wince of pain, must be held in awe for their imagery, invention, energy, narrative skills, intensity of feeling, darkness, danger, and dizzy spells.

Those of us who do not tramp the lonely road of writing as art—"a long, steep, narrow road, paved with old typewriters," as James Thurber described it—should read and marvel at **Hawksmoor** (Hamish Hamilton, £8.95), **Still Life** (Chatto and Windus, £9.95), **The Kingdom of the Wicked** (Hutchinson, £9.95), **The Maggot** (Cape, £9.50), **The Good Terrorist** (Cape, £9.50), **Valley of Decision** (Hutchinson, £8.95) and **The Good Apprentice** (Chatto and Windus, £9.95).

None of them won the Booker Prize, but Peter Ackroyd won the Whitbread Prize for a novel, for Hawksmoor. (Give or take a shudder, it is my Novel of the Year.) **The Bone People** (Hodder and Stoughton, £9.95) won the Booker Prize for Keri Hulme and the New Zealand collective which first published her long, moving, mutilating story of child abuse; love lacerated by past suffering. The book is littered with exotic symbols, Maori vocabulary and bad poetry, but it knits rather than breaks the bones of dependence and vulnerability under a tough skin.

Other travellers on the road to excellence this year were Lawrence Durrell, completing his ambitious "Avignon Quintet" with **Quinx, or the Ripper's Tale** (Faber, £8.95); Brian Moore, wearing a **Black Robe** (Cape, £8.95) with Jesuit missionaries in an America much earlier than the United States; Anita Brookner, with **Family and Friends** (Cape, £8.95), and Jane Gardam, with **Crusoe's Daughter** (Hamish Hamilton, £8.95), introducing *little* Polly Flint, whose metaphorical shipwreck of a life shifts her to and fro in different depths of reality lit through waves of love and loss.

It was Polly, Crusoe's Daughter, who reminded us of *the* rules governing fiction: "Novel must be 'novel.' To survive . . . it must hold some seemingly preposterous new quality, catch some unnoticed angle of light. It may fail—but better sorry than safe. All the time it must entertain. No polemics."

Alice Thomas Ellis needed no telling: **Unexplained Laughter** (Duckworth, £8.95) explained enough, but never too much, about broken hearts and Fleet Street limitations in mending them, and Mary Wesley made a daring leap at the preposterous in **Harnessing Peacocks** (Macmillan, £8.95): the story of Hebe, bolting from an upper-middle class backdrop to bear a son and support them both by her lucrative skills in cooking and making love.

The year's outsize entertainer, though, was **Illywhacker** (Faber £9.95), Peter Carey's wildly swinging swag-bag of adventure: the 139 action-packed years of Herbert Badgery, an Australian con-man (and, of course, Australia, the real flawed hero of Mr Carey's heart). Illywhacker was shortlisted and strongly fancied for the Booker prize; J. L. Carr's **The Battle of Pollock's Crossing** (Viking, £8.95) and Jan Morris's **Last Letters From Hav** (Viking, £8.95) were shortlisted and fancied a good deal less.

In The Dark (Cape, £8.95) and **Walking on Glass** (Macmillan, £8.95) were not shortlisted for anything, but these second novels by R. M. Lamming and Iain Banks suggested that two young writers, at least, have set out confidently on the glass-strewn road leading into the dark beyond the accident of a successful first novel.

Admirable novels *came* too from Janice Elliott (**The Italian Lesson**, Hodder and Stoughton, £8.95), Rachel Billington (**The Garish Day**, Hamish Hamilton, £9.95), Maggie Brooks **Heavenly Deception** (Chatto and Windus, £8.95), Bernice Rubens (**Mr Wakefield's Crusade**, Hamish Hamilton, £8.95), and Bel Mooney (**The Anderson Question** Hamish Hamilton, £8.95). It is a measure of the maturity of the novel in our time, and of the artistic aspirations of so many novelists, that not one of these novels could be labelled—dismissively or approvingly, depending on your point of view—as "a woman's novel." (Women wrote them, that's all).

A. N. Wilson this year preferred the primrose path of dalliance with **Gentlemen in England** (Hamish Hamilton, £9.95), an elegant, slightly inconsequential family chronicle of Victorian values and passions. John Braine's love story continued through **These Golden Days** (Methuen, £8.95). Laurence Lerner looked back at **My Grandfather's Grandfather** (Secker and Warburg, £8.50), and Stuart Hood's young schoolmaster, in an austere Scottish setting just before the first world war, anticipated and reflected Walter Benjamin, the German-Jewish mystic and critic who died by his own hand in 1940, in **A Storm From Paradise** (Carcanet, £8.95). *In Mr* Hood's extraordinarily vivid, moral battlefield the lines are drawn between necessary progress and unnecessary change. Ostensibly set in the past—the visitable past, certainly but only just—here was a dismaying, futuristic novel; a beautiful one.

The year was rich in translations. John Calder and Aidan Ellis published respectively, to literary cheers, Claude Simon's **The Flanders Road** (£5.95) and Marguerite Yourcenar's **Oriental Tales** (£8.95). Mr Simon won this year's Nobel Prize for Literature—*the* first *French*man to receive the award since Jean-Paul Sartre rejected it in 1964. Meanwhile, Collins published this year's Goncourt winner, **The Lover** (£7.95) by Marguerite Duras, a spare exotic tale.

William Weaver took a break from reviewing crime fiction on this page to translate, with *masterly* skill, Italo Calvino's **Mr Palomar** (Secker and Warburg, £8.50); Helen Lane translated, from the Spanish, ***The War Of The End Of The World***, (Faber, £9.95), Mario Vargas Llosa's huge, wonderful novel of 19th-century Brazil interleaved with Latin American revolution; Cathy Porter translated and wrote the introduction to I. Grekova's **The Ship Of Widows** (Virago, £3.95), a novel by one of the Soviet Union's most popular short-story writers, published in the USSR in 1981.

Isabel Allende's **The House Of The Spirits** (Cape, £8.95), translated by Magda Bogin, was one of the most exciting, most original novels this year; a family portrait, across four *generations, showing the* mysterious mix of politics with *magic*, men and women with spirits, in modern South America.

Vassily Grossman's massive ***Life and Fate*** (Collins/Harvill £15) served to remind us that modern Russian fiction is not only Pasternak and Solzhenitsyn.

Paradise Postponed (Viking, £9.95) was John Mortimer's charming, occasionally chilling reminder that not a lot changes, even less for the better, in England's green and occasionally unpleasant land. *Frederic* Raphael made the same point with more sound and fury and no charm at all, but dazzlingly, in **Heaven and Earth** (Cape, £8.95).

Maggie Gee's **Light Years** (Faber, £9.95) was the best attempt to look into a neutral, speechless universe from an anxious world longing for love: viz, Davey, aged 14, addressing a letter home to "Darlington Road, Camden Town, North London, England, Great Britain, Europe, The World, the Solar System, The Galaxy, The Universe, Chaos."

In contrast, to similar effect, Barry Unsworth's **Stone Virgin** (Hamish Hamilton, £8.95) cast back 500 years to seek answers to the human conflict between matter and spirit—and its resolution, which is love.

Essential American imports included **Foreign Affairs** (Michael Joseph, £8.95), Alison Lurie's lethal, gentle comedy of mismatchings, set in London; **The Accidental Tourist** (Chatto and Windus, £8.95), Anne Tyler's demonstration that a dog (Edward, an irritable Welsh terrier) can be as complex and neurotic as any human; and *Ellen Gilchrist*'s second collection of stories, **Victory Over Japan** (Faber, £9.95).

Philip Roth—whom God preserve as surely as Mr Roth will continue to reserve judgment upon God, to the greater glory of fiction—wound up a virtuoso performance with **Prague Orgy** (Cape, £5.95): epilogue to and security surveillance upon **The Zuckerman Trilogy**, alias the life and tough times of Nathan Zuckerman, alias, perhaps, Philip Roth. *Happy New Year* to you, Mr Roth, and to all those writers planning to publish a novel in 1986.

Gay Firth

Grace Paley and Rachel Billington: little disturbances and garish days

Reading for children

Giraffe as window-cleaner

ANY GIRL or boy who received a *book-token* as a present must be wondering how to spend it. Here *are* a few suggestions:

The Mysterious Giant of Barletta (Andersen Press, £5.95) is an Italian folktale adapted and illustrated by Tomie De *Paola. Strong* pictures, *recalling* stained glass, tell the story of the giant statue of a young boy which saves the townsfolk from an invading army.

North American Indians are the source of Joanna Troughton's ***Who Will Be The Sun?*** (Blackie, £6.50). Animals compete for the honour of taking their place in the skies and becoming the sun. Coyote the trickster makes life difficult for everyone.

The sun *is* also the focus of Jeannette B. Flot's **The Mysterious Seventh House** (North-South, £5.50). Set in a kind of post-hippy paradise peopled by gentle artists and musicians, the inhabitants try to guess the identity of the strange glowing house at the foot of the hill.

New England folklore is the inspiration for **Going to Squintums** (Blackie, £5.95) by Jennifer Westwood. It chronicles the travels of a wily fox, illustrated by Fiona French with pictures echoing Colonial patchwork quilts.

A less stereotypical fox—a vegetarian *in fact*—is one of the characters in **The Story of the Kind Wolf** by Peter Nickl (North-South Books, £5.95). The misty pictures of Jozef Wilkon accompany the tale of a wolf who sets himself up as a practitioner of herbal medicine.

Willy is back. The non-sexist male chimp introduced to us by Anthony Browne in **Willy the Wimp** *returns* in **Willy the Champ** (Julia MacRae, £4.95). This is not so much a sequel, more of a companion volume since its plot, chronicling Willy's futile efforts at physical self-improvement, takes us not much further than the original story. But the fun is in the telling and in the burlesque pictures in shimmering colours.

Anthony Browne's pictures also embellish a story by Sally Grindley, **Knock Knock Who's There?** (Hamish Hamilton, £5.50). A little girl lies in bed and there are a succession of *knocks* at her *door*. She *imagines* that there is a gorilla, then a ghost, witch and dragon wanting to come in and do fearsome things to her. She refuses admission until the final knock which is from her father, *a cosy cardiganed figure with a* mug of hot chocolate in his hand. Witty touches include the wallpaper, which gives clues to the identity of each imagined horror beyond the door.

Any new book by Roald Dahl is an event because he is the most popular children's book author since Enid Blyton. **The Giraffe and the Pelly and Me** (Jonathan Cape, £5.95) will not disappoint his young fans. The trio of the title are the unusual occupants of a former sweet shop which they turn into a base for their window cleaning business. The giraffe acts as a ladder, the pelican as a bucket and the "me" of the title, a monkey, does the polishing. They befriend a small boy and together foil *a* burglary at the Duke's stately home.

They are all rewarded handsomely, including the boy who is given the sweetshop and enough capital to buy stock from all over the world.

Here Dahl's inventiveness comes into play as he describes the Scarlet Scorchdroppers from Iceland, Glumptious Globgobblers from Arabia, Stickjaw for talkative parents and Giant Wangdoodles from Australia. The long, lean and light-hearted illustrations are by Quentin Blake.

The poet Adrian Mitchell has written the text of **The Baron Rides Out** (Walker Books, £4.95). It shows. Lively metaphors, alliteration and paradox abound in this improbable adventure of Baron Munchausen, *who sets sale from the port of* Birmingham to see the world. Patrick Benson provides the impeccably elegant pictures.

The well-known illustrator Errol Le Cain provides the pictures for **A School Bewitched** (Blackie, £6.50). Based on a story by Edith Nesbit, it is retold by Naomi Lewis. A malevolent magician spirits away the *royal* pupils at a *school* for princesses. The kingdom deteriorates until Prince Denis discovers the missing girl.

Annalena McAfee

Literary awards in 1985

HERE IS a list of the main literary awards in 1985: the Booker McConnell Prize for Fiction (£15.00) Keri Hulme **The Bone People** (Hodder & Stoughton, £9.95); the Guardian Fiction Prize (£1,000) Peter Ackroyd **Hawksmoor** (Hamish Hamilton, £8.95); the W. H. Smith Award *(£4,000 for a* British or Commonwealth writer) David Hughes **The Pork Butcher** (Constable, £5.95); the *Sinclair Fiction Prize (£5,000)* Nayantara Sahgal **Rich Like Us** (Heinemann, £9.50). The David Higham Prize (£1,000 for a first work of fiction) Patricia Ferguson **Family Myths and Legends** (André Deutsch, £7.95); the John Llewellyn Rhys Memorial Prize (£500, for an author under 35) John Milne **Out of the Blue** (Hamish Hamilton, £8.95); the Georgette Heyer Historical Novel Prize (£2,000 plus publication) Susan Kay **Legacy** (Bodley Head, £9.95) which also won the Betty Trask Award (£12,500 for first novels by writers under 35 of a *romantic* or *traditional* nature): the Crime Writers' Association/Securicor Award (Gold Dagger, £1,000) B. M. Gill **The Twelfth Juror** (Hodder & Stoughton, £7.95).

The Wolfson Prize for History and Biography (£7,000) Richard Davenport-Hines **Dudley Docker, The Life and Times of a Trade Warrior** (Cambridge University Press, £25.00); the *Duff Cooper Memorial Prize* (£200) Ann Thwaite **Edmund Gosse: A Literary Landscape 1849-1928** (Secker & Warburg, £15.00); the Heinemann Award (£3,000) shared by Hilary Spurling **Secrets of a Woman's Heart** (Hodder & Stoughton, £14.95) and Peter Ackroyd **T. S. Eliot** (Hamish Hamilton, (£12.50), the Mitchell Prize for the *History of Art ($2,000)* Jennifer Montagu **Alessandro Algardi** (Yale University Press, two volume set £65.00).

The Schlegel-Tieck Prize (£2,000 for the best translation of a German book into English) Dr John Bowden **The Authority of the Bible and the Rise of the Modern World** by Henning Graf Reventlow (SCM Press, £25.00); the Scott-Moncrieff Prize (£750 for the best translation into English of a French 20th Century work) Quintin Hoare **War Diaries—Notebooks From a Phony War** by Jean-Paul Sartre (Verso Editions, £6.95).

The Poetry Society's National Poetry Prize (£2,000) Jo Shapcott; the Dylan Thomas Award (£1,000 *to encourage* poetry and short-story writing) Blake Morrison; the British Airways Commonwealth Poetry Prize (£5,000) Lauris Edmond **Selected Poems** (Aukland OUP, £5.95); the Arvon/Observer/Ronald Duncan Foundation International Poetry Prize (£5,000) Oliver Reynolds.

The Emil/Kurt Maschler Award (£1,000 *for* a children's book) **The Iron Man** (Faber & Faber, £7.95, pbk £1.95) the prize divided between author, Ted Hughes and illustrator, Andrew Davidson who both receive a bronze figure of Emil; the Smarties Children's Book Prize (£8,000) Jill Paton Walsh **Gaffer Samson's Luck** (Viking Kestrel, £6.50).

The Angel Literary Awards (given by Gough Hotels for Suffolk-based writers) Rose Tremain (£1,000, fiction) **The Swimming Pool Season** (Hamish Hamilton, £8.95) and Colin Ward (£500, non-fiction) **Arcadia for All: the Legacy of Makeshift Landscape** (Mansell, £9.95); the Thomas Cook Awards (£2,000 Travel Book Award) Patrick Marnham **So Far from God** (Jonathan Cape, £9.95) and (£1,000 Guide Book Award) Henry Thorold **Shell Guide to Nottinghamshire** (Faber & Faber, £8.50).

The Samuel Becket Awards (£1,000 each) Shirley Gee **Never in my Lifetime** (the best first play for the stage) and Anne Devlin **A Woman Calling** (the best *first play for television*.

The new Whitbread Literary Award, offering £22,500 in prize money with £18,500 going to the winner—making it the UK's richest literary prize—will be announced on January 28th, 1986.

The Whitbread Nominations are: Novel—Peter Ackroyd **Hawksmoor** (Hamish Hamilton £8.95); First Novel—Jeanette Winterson **Oranges are not the Only Fruit** (Pandora Press, £4.50): Children's Novel—Janni Howker **The Nature of the Beast** (Julia McRae Books, £6.95); Biography—Ben Pimlott **Hugh Dalton** (Jonathan Cape, £25.00); Poetry—Douglas Dunn **Elegies** (Faber & Faber, £7.50, pbk £4.00).

Each *nomination* has been awarded £1,000 and will go forward to the final selection for the Whitbread Book of the Year.

Jacqueline Shorey

ARTS

William Packer recalls some of the exhibitions of 1985

Hereby hung some reputations

1985 HAS been a year to look back on not for any great surprises, discoveries or innovations in the visual arts, but rather for trends continued and confirmed, and established reputations dusted off and celebrated. In London it is ending as it began, with a definitive review of the life's work of an important figure in the story of art in the 20th century, important at least in terms of personal achievement if not of lasting influence upon the course and progress of modernism.

The Chagall retrospective which filled the Academy in the New Year opened as a tribute to the last great survivor of that Parisian heroic age before the First World War, and the senior honorary academician besides, and proved to be his memorial at the close. It was a timely exercise in critical rehabilitation, for here was a chance to see whole the work of a true maverick of modernism, always so lively, decorative and accessible and so suspiciously popular. How strong so much of it proved to be, for all its idiosyncrasy, and how poignant and particular.

So too with the Kurt Schwitters retrospective at the Tate which is still on view, just (until January 5). Rather too light on his work as a painter and inevitably so on his sculpture, here nevertheless was a full a view of the substantial achievement. It was a dense, even daunting show to enter, with the prospect of so many rooms full of tiny collages, but the reward of conscientious application was considerable. For here revealed by painstaking degrees were the workings of a sensibility of the nicest refinement, so disciplined and formal and yet capable of the lightest flights of creative fancy. Such variety within such consistency was remarkable.

The main exhibiting institutions all excelled themselves, and it was by the happiest chance of forward planning, what the unkind would call a fluke, that the Arts Council managed to pull out plum after plum to keep us happy at the Hayward at the very time that Mr Peter Pitt of the GLC was forever huffing and puffing at the door. For the Renoir exhibition in the spring no problems were more welcome in the circumstances than those created by its phenomenal popularity, but its essential importance was far more critical than political.

Like Chagall, Renoir had suffered a reputation tarnished by popularity. This show gave no choice but to reconsider. The late nudes — hot, rich and monumental — which only yesterday were written off as the painterly maunderings of an old and faded artist came into their own as post-impressionist works of the first importance. That latter-day figurative expressionism should dominate the contemporary field is no coincidence.

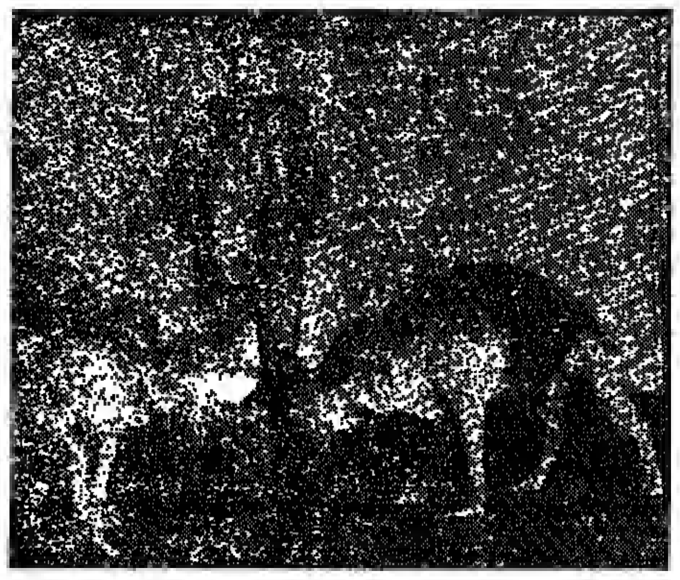
Nigel Greenwood with a statue by Henry Moore at the Hayward Annual 1985

"Le repos du modèle" by Pierre Bonnard

The two shows that followed in the summer were just as good but hardly as successful in drawing the crowds. This was something of a tragedy, for one of them, at least for me, was the show of the year. That said, I must say at once that *Degas: the Painter as Printmaker* was also the most difficult for it asked of the visitor, more so even than the Schwitters, the closest attention and application and a lot of time; although it occupied only the Hayward's upper floor, it was not a small show. But what an extraordinary privilege it was to get so close to the working mind of one of the greatest artists of all time, and to follow him intimately through his peculiar process of the printed image: drawing, adding, scraping, changing, finally leaving off.

Downstairs meanwhile were the fruits of Nigel Greenwood's brave undertaking to select the Hayward Annual. He was much abused for being a dealer, which after all is no more disreputable an occupation than barrister, politician, or journalist, and disarmed all prejudice with a lively and elegant anthology of his taste and judgement, from Moore and Bacon and Bridget Riley to Stephen Cox (who was also showing his carved reliefs at the Arnolfini), Dhruva Mistry, an Indian graduate of the Royal College with a show of Sculpture now touring the country, and Nicola Hicks, whose wart-hogs and other beasts enlivened Angela Flowers Gallery last month.

But for British art the year belonged not to these, nor to the John Moores exhibition in the spring, with Bruce Maclean *victor ludorum*, nor to the Tolly Cobbold, nor even to the Turner Prize in the autumn and its determined winner, Howard Hodgkin, but to Francis Bacon.



Nicola Hicks with her Red River Hogs at the Angela Flowers Gallery

To call him the greatest British painter since Turner is arguable but not unreasonable, and certainly since the death of Miro, in the world at large de Kooning is his only peer.

The exhibition at the Tate in the summer to mark his 75th birthday was an astonishing personal triumph, and remarkable even to those familiar with the work for the surprises it sprang and the insights it afforded into a complex and subtle creative imagination. Delicacy and refinement, and indeed beauty, are not words one would have expected to come so readily or so often to mind.

Chagall, Schwitters, Renoir, Bacon: expressionism in its various guises has dominated the year, for each of these is in some sense assimilable within that copious portmanteau of a movement. The great critical shift during the last ten years has established expressionism, and German art in particular, as the commanding creative strain of the century, and an exhibition that addressed itself to this point was bound to come.

German Art in the 20th Century which filled the Academy through the autumn was seriously flawed in many ways, partial and tendentious as it was, but even so it was a magnificent treat, warts and all. To try to set the work of the German artists of the last 20 years, Baselitz, Kiefer, Beuys and all, in a natural historic context was an honourable intention, and if in the event the show fell in half, both parts had their decided merits and the Beckmanns in Gallery III, to say nothing of Corinth, or the rooms of *Der Blaue Reiter* and *Die Brücke*, were worth the price of the ticket by themselves.

Alastair Muir

Francis Bacon at his one-man exhibition at the Tate Gallery

Homage to Barcelona at the Hayward (until February 23) is both more limited and more comprehensive an art historical attempt to fix an important source of modern influence, taking its period only from the 1880s to the 1930s but embracing rather more than the visual arts. It was painting nevertheless that supplied the substance of the show, and if we might have expected it to be enough to celebrate only the city's three great artist sons, Miro, Dali and Picasso above all, the surprise and value of the exercise proved to be the discovery of the rich and lively practice from which they sprang.

The Tate's *St Ives* exhibition in the spring was another exercise given a local habitation and name, and the same span of 50 years from the 1930s to the 1980s. The claims for St Ives having been a strong influence upon the development of British art were a trifle stretched, hung upon the reputations of Ben Nicholson and Barbara Hepworth, but here again expectation was pleasurably confounded, for it became clear that the colony's period of greatest vitality came not before but after the Second World War, with Wood long dead and Nicholson departed, and Heron, Frost, Hilton and Lanyon very much to the fore.

The Newlyn School at the Barbican in the summer was yet another such local exercise, more charming and enjoyable than important except, it seems, in the salerooms. Edwardian impressionism and post-impressionism are not without their interest and qualities but, with close parallels elsewhere in Europe, are hardly exceptional. The real interest lies with individuals and it was good to see so much of the work of Laura Knight, and how good it looked.

The two shows that followed at the Barbican were more solid and important. Gwen John's star has been rising steadily for 30 years, as her brother Augustus always knew it would. Her standing as one of a handful of great painters Britain has produced this century should now be secure; had she been anything but British and in self-imposed exile it would never have been in doubt. It certainly owes nothing to recent feminist criticism or special pleading. So limited in subject matter, so small in scale, so refined in statement, her work sits happily for all that alongside the greatest names—Vuillard, Bonnard and even Chardin and Vermeer.

Roderic O'Conor, life-long expatriate Irishman in France, student in Paris in the 1880s, close friend and colleague of Gauguin, post-impressionist and fauve of real talent, has been grossly neglected in his critical reputation though here and there his work hangs in the important collections. Again the point should not be pressed too far, but it was exciting to see so much work of such quality brought again into the light.

"Self-portrait with a black cap" by Max Beckmann

Pantomime

Oh yes it is — Oh no it isn't!

Cinderella

Cinderella at the London Palladium is certainly a pantomime for those who love exclaiming that the genre has been in steady decline since Grimaldi left the stage in 1823. It evokes only memories of how good you once thought pantomime was. The probable truth is, of course, that since the Victorians replaced satire and mockery with burlesque, spectacle and dreadful rhyming couplets, pantomime has never been any good at all.

All the familiar ingredients are on show in the Palladium extravaganza: fading elements of Georgian pastoral on the village green; a dowdy, badly painted kitchen for the traditionally interminable scene before the transformation; a wretchedly crafted story-line which allows the Prince to let Cinders slip away in the forest without the slightest attempt to catch her and which deposits half the principals in a haunted house for no other reason than to make sure we continue not to enjoy ourselves for another half hour; and a Buttons you could cheerfully strangle.

Des O'Connor plays Buttons as a mentally retarded uncle figure, swooning self-pityingly away at the news of Cinders's defection to the Prince. He sings pleasantly enough and handles the kids from the audience with an easy charm. But you do not care much what happens to him. The same goes for Sarah Payne's brittle blonde Cinders: when the glass slipper fitted on the First Night, not a cheer was raised, not a hubbub stirred.

Disappointment must be keener because the public expects a Palladium panto be be the best available. And this, frankly, is about as good as you would see this Christmas at the Halifax Civic or the Wolverhampton Grand, where you would be more kindly disposed to make allowances.

There are a few compensations. Hope and Keen are a pair of Brokers' Men far superior to anything I have seen from such deadly duos as Cannon and Ball or—worst of the lot—Little and Large. Their knockabout is expert and funny; their boxing and fencing sequences had the desired rib-tickling effect on my party of eight-year olds. And Lambert and Ross are good, experienced Ugly Sisters, lumbered with rotten lines but decked out by the Emanuels in a series of outrageously colourful and imaginative costumes. John Junkin is wasted as Baron Hardup (the Palladium would have been better advised employing Mr Junkin, an experienced gag-spinner, as a script writer) and Paul Nicholas looks uncomfortable, even embarrassed, as the Prince.

Anna Neagle as the Fairy Godmother fulfils all expectations of those anxious to see Anna Neagle as the Fairy Godmother.

Michael Coveney

Joey Grimaldi's drunk clown act was the very spirit of a pantomime Harlequinade tradition that died out in the 1930s. The picture comes from Gerald Frow's "Oh, Yes It Is!" (BBC, £12.95), an informative history of pantomime published to coincide with a Radio 4 series beginning on January 27. Frow traces the story of the genre from its origins in commedia del arte to the television entertainers of today. There is even a chapter on adventures in the skin trade, or the particular art of performers who take the animal roles

Aladdin

WIMBLEDON THEATRE'S pantomime this year is *Aladdin*, an honest, cheap and cheerful production that sticks close enough to the traditional formula to satisfy and divert at least one long-time and too often disappointed pantomime addict and his family.

The first and greatest relief is to discover that the principal boy is, well, a principal boy—and it does seem now that the regrettable male leads of the 1970s have been replaced in the 1980s by a return to that ancient and properly festive exchange of roles. Sandra Dickinson is an admirable Aladdin, playing the part with enormous and infectious comic gusto as she rasps her way with wonderful American glee through the dialogue. Her partnership with her husband, Peter Davison, as Wishee Washee, genial and charming foil that he is, gives the heart and strength to the whole thing.

Attractive as he is, Miss Dickinson's Aladdin can hardly be a glamorous creature of the old long-legged and high-heeled sort. Here such excitements are left to Jilly Johnson, the scarlet vamp that is the Genie of the Ring, to supply; she does with disarming ease, single-handed. Her classic and necessary opposition to George Sewell, the wicked magician Abanazar, of good to evil, is established on both sides with great spirit.

Indeed the principals receive excellent support throughout from the small company, if not always from the microphones. David Morton as the Widow Twankee is a suitably extravagant grotesque, and Bob Carolgees as the Chinese policeman, with his dog Spit, gives one of the funniest short variety turns I can remember.

Lena Zavaroni, the diminutive Scottish singer in the style of mid-Atlantic cabaret, suffered most from the defective amplification on the Monday before Christmas. Pantomime thrives on such bizarre conjunctions, and her performance as the Chinese Princess Balroubadour grew in assurance as the night wore on.

It is all as clean as a whistle and sent through at a furious pace. A few tongueurs might have helped the crew to keep up with their effects, but this is pantomime and who in the audience minds the odd crash or snag, or the sight of a furtive dark behind scuttling into the wings now and then?.

Wishee Washee asked up six children to help him sing the song but two were so overcome by their own eagerness they could not utter but only turn away, shoulders heaving with giggles. But one boy called Piers—or rather Pi-Ers—all of Six and Three-Quarters, and with a voice to clear the rafters, thoroughly enjoyed himself. He told Us So.

William Packer

Saleroom

Best buys for the coming year

SALEROOM correspondents serve their readers badly. They succumb too easily to recorditis, stressing the exceptional prices paid for a few extraordinary works of art for which there are perhaps less than a handful of possible bidders in the world) while ignoring what really matters—price fluctuations in 18th century silver coffee pots, or 19th century English watercolours; the items that households are most likely to possess.

The observer of sales is susceptible to the excitement of auction house press offices, which trumpet record prices like victories. Thus in the last month Sotheby's has been celebrating a record price for an American painting—£2.7m, paid in New York for Rembrandt Peale's portrait of his brother Rubens. Christie's quickly bit back with the £1m which secured Terbruggben's "Lute-player carousing with a young woman."

Such prices allow saleroom correspondents to indulge in little homilies on how the Peale price shows Wall Street profits enabling Americans to invest in their history; while the Terbrugghen indicates that good paintings by second division artists can now reach the £1m mark because good paintings by first division artists are mostly in museums. Such sales are fascinating from an art history perspective, but they hardly touch the collecting enthusiasms of the man in the street.

Fortunately Phillips, always the most down to earth of the leading auction houses, is on hand to redress the balance. Every year at this time Phillips asks 140 of its specialists in its salerooms scattered around the country to give their views on what objects in a particular field have been most in demand in 1985, and what they consider to be underpriced, "good buys" in the coming year. They are also allowed to expand out of their own sectors for general recommendations.

The results contain few surprises, but they bolster sensible prejudices. For example, the "best buy" for 1986 is English watercolours, especially those painted in the late 18th and early 19th-centuries. This is linked in favour to English furniture: fine 18th century, and Edwardian. These two areas are perennial favourites—it is surprising that such advocacy for them has not already pushed prices up beyond the reasonable. Of course, in all their suggestions, Phillips' staff stress the requirements of top quality and good condition.

Detail from Hendrick Terbrugghen's painting of "A lute player carousing with a woman" which sold for £1 million

A quick dip into what items the specialists now consider to be under-priced is probably of most interest to collectors. In furniture, look out for Georgian single dining chairs, Pembroke tables, and early continental oak. In paintings, Italian 17th century works are still considered to have potential; portraits are very cheap; gold ground paintings of the 15th and 16th centuries also get a boost.

In modern British pictures the tips are Newlyn and St Ives (the stars of 1985); works from the post 1950s; the Surrealists, and artists like Hitchens, Sutherland and Piper.

Among the prints, the specialists tip traditional modern British etchings and lithos by artists such as Walcot, Rushbury and Muirhead Bone. Among the objects of art, church wood carvings; 18th century and earlier metalware; and music boxes and gold watches have their supporters.

In silver and plate, go for smaller Victorian collector pieces; 19th century Russian enamels; and Scottish silver. In ceramics and glass, 18th century porcelain, Victorian enamelled glass, and Scottish pottery are seen as cheap; the orientalists come up with 16th century blue and white Ming bronzes, and Chinese textiles.

All this is pretty obvious but when the Phillips staff is encouraged to be imaginative, more precise (and offbeat) ideas emerge. Anyone with less than £500 to spend might pay attention to Edwardian inlaid occasional tables, or naive carvings, or wine labels, vesta cases and photo frames. Big spenders, up to £3,000, are pushed towards Victorian dining tables, Bonnard drawings, marble busts, claret jugs, good Staffordshire figures and animals and Chinese lacquer.

Of course, the items that appreciate most rapidly in price are outside any rational judgment. Who would have conceived of the £3,000 teddy bear, or the £105,000 bottle of wine which would never be drunk? If you want to be really speculative there must be potential in rock-and-roll memorabilia; feathery golf balls and 19th century iron clubs; scientific instruments; and miniatures.

There is a danger that the salerooms are looking for too much of their profit from the really important items. In New York Sotheby's has stopped accepting some run-of-the-mill goods; the cost of processing them is not worth the commission earned. The marketing effort is going towards major sales, which are great social occasions. If things go well, 50 or so important Impressionist and modern pictures can sell for £18.7m (as happened one evening in November).

With a clear 10 per cent premium from buyers and, with luck, almost the same again from the sellers, the auction houses are prospering. The profit from such a grand auction must equal many hundred "fast" sales in Conduit Street. As their obsession with the multi-million masterpiece grows, there is a possibility that the auction houses will lose contact with the modest buyer and seller. The turnover of salerooms like Phillips may be tiny compared to Sotheby's and Christie's but its profitability to turnover could well be higher. It would be a dangerous shame if the art world split into two—glamorous New York sales for the few; unreported and unrecognised routine auctions for the many.

Antony Thorncroft

SOLUTION TO CHESS No 600

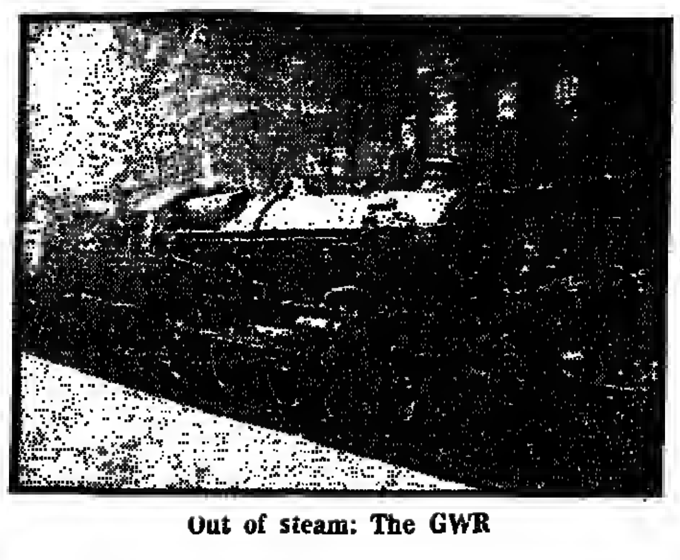
Six. 1 . . . Q-K8 ch; 2 K-N2, N-Q8 ch; 3 K-B1 (if 3 K-R3, Q-N5 mate), N-B6 dis ch; 4 K-N2, Q-N8 ch; 5 KxN, Q-R8 ch; 6 K-Q2, Q-K8 mate.

WEEKEND FT

Financial Times Saturday December 28 1985

Private View

God's wonderful railway



Out of steam: The GWR

AT ANY station west of Paddington, you are still likely to find posters inviting you to remember the 150th birthday of the Great Western Railway. Sometimes they are more discreet, and refer only to the 150th anniversary of the foundation of the railway. This is wise, for the truth is that the Great Western Railway (God's Wonderful Railway as its initials are construed by its fans) has never had a 150th birthday or anything like it. In 1947, when it was a mere 112, it became part of British Railways, later British Rail. If you celebrate its 150th birthday, you might as well celebrate Queen Victoria's 166th.

Or, indeed, Isambard Brunel's 180th, for the GWR was launched when he was a mere 29. But I have a feeling that Brunel would not be very happy with the state of what we must now call Western Region of British Rail. To begin with, he meant it all to run on 7 ft tracks, though in his own day he saw that there was no hope of that staying as he wanted it. Even on a 4 ft 8½ ins gauge, the great network of lines that he envisaged has been assailed by Lord Beeching and the rest of them, until it has lost much of the generous coverage it once gave even to small and remote communities in the West. Consider the area between Swindon and Cheltenham.

Look at Sheet S092 of the Ordinance Survey 1:25,000 first series, revised 1921, 1938-49 and 1971 and still on sale. Two railway lines run northward through Cheltenham; to the south, one line heads east and one heads west. The present station, originally Cheltenham Lansdown but now Cheltenham Spa, is on the western of the two north-south lines. This was, and is, the line you take for Birmingham and beyond.

The more easterly line was not served by Cheltenham Lansdown, but by Malvern Road, then continuing to a terminus at St James's Station. But there was a fork beyond Malvern Road, and this took you to a beautiful line running through hilly country to Stratford-upon-Avon. Before you come to the edge of the map, you will find a station serving Cheltenham Race Course, a station at Bishop Gleeve, and a station at Gotherington, five miles or so along the line. All this is gone, though its ghost survives.

South of the town, a line ran eastward to Andoversford, with a station at Leckhampton, which survives only in the name Station Road, just as St James's Station is remembered in Station Street, and the Railway Inn. Westward, there was, and is, the line to Gloucester that is Cheltenham's only link to London, a journey that usually involves changing at Swindon. Between Gloucester and Swindon, Brunel might still enjoy the lovely stretch that runs above a wooded valley from Chalford to Kemble, though he might resent the Hawker Siddeley factory buildings.

Well, now, Kemble. When the BBC broadcast Evelyn Waugh's Men at Arms, they sometimes had trains stopping at Kemble, and I could not understand why they made it sound such a busy station.

A look at the old map justifies that BBC producer. Kemble was not only the way to Gloucester and Cheltenham; it was, indeed, a busy junction. In one direction, a line ran north-east to Cirencester. In the other, there was a line to Tetbury—not very far from Stinchcombe, where Waugh lived.

Lately I bought a handsome magazine published by Steam Railway, a periodical of specialist interest. It contains an article called The Magic of Swindon.

There is a cut of "the magnificent interior of Swindon's first-class refreshment room," and magnificent it certainly looks. In his "Illustrated Guide to the Great Western Railway, 1852," George Measom wrote about it. "Every article of food, from a Banbury cake or a sandwich to a basin of turtle or a cold fowl; every assuager of thirst, from humble tea or bottled stout to iced lemonades or aristocratic-champagne, is provided with a kind of 'hey presto' rapidity."

I have nothing against the current Swindon refreshment room, except that it closes too early, but it is not like that. And they have just built a second waiting-room, though they have compensated for this by building a new book-stall inaccessible from the platform. But the chief way in which BR has celebrated the GWR's birthday, which was the 144th birthday of the Swindon works, was by closing the engineering works.

Looking further west for another random sample of the Western Region: last Saturday, I joined the 19.32 train for York at Bristol Temple Meads. We sat in it, looking now and then at our watches. "The train will hopefully start at 20.00," a voice told us. "We are waiting for staff." The staff, it turned out, were stuck at Gloucester in a broken-down train. Daniel Gooch would have driven the train himself.

Gooch and the other old Great Western heroes are still creative engineers around here. I have a few shares in a project to restore the line to Stratford-Upon-Avon. We call it the GWR, the Gloucestershire and Warwickshire Railway, and it will use steam locomotives, built in Swindon and rescued from decay at Barry Docks. It cannot be said to progress very fast at the moment, I admit, though the amateur labour is to be reinforced with paid workers.

There may be a catch here and there. Gotherington Station, for instance, seems to have been turned into a dwelling-house, so perhaps the station will have to be called Gotherington Injunction. Who knows, we may celebrate our 150th birthday with a train from (say) Toddington to Bishop Gleeve, but we shan't bang out any posters.

B. A. Young

Alan Forrest introduces our diary of sporting events in 1986

Ring in the new heroes

PATHS to glory in British sport seem wide open in 1986. Three of our national soccer teams, England, Scotland and Northern Ireland, go to Mexico for the World Cup, and while only a raving mad patriot would put any real money on any of them coming home with the trophy, stranger things happen in soccer.

Perhaps cricket offers England a greater chance of success. David Gower's men go to the West Indies in February to challenge a great team which no longer has Clive Lloyd as captain and with Viv Richards still playing himself in.

Can he weld together a team as formidable as Lloyd's, or are England, with their newly-found batting strength, in with an outside chance, as Trevor Bailey predicted during his recent trip to Barbados?

Nowhere is the field more wide open for new champions than in horse racing. On the Flat, Lester Piggott, Joe Mercer and that underrated cock o' the northern courses, Edward Hide, bung up their boots this year. And John Francome retired from his dominant role over the jumps.

Who will take over these crowns? American wonder boy Stevie Cauthen seems a natural, in spite of his present problems, but I am putting my money on Pat Eddery for next year's champion flat jockey. To succeed Francome over the jumps, I fancy Simon Sherwood, already well ahead on the number of winners, but Steve Smith-Eccles needs to be watched.

It *seems unlikely* that international rugby will produce either a Grand Slam or a Triple Crown in 1986. I select Ireland for the championship with a sneaking feeling that England might pip them. In club rugby, I expect the West country dominance of the John Player Special Cup to continue, with Nottingham and *Leicester* as the only teams outside the west likely to upset Bath, Bristol and Gloucester.

Finally the home soccer scene. I'm backing West Ham to win the League in spite of Manchester United's roaring start to the season. And in desperation Sheffield Wednesday for the Cup.

Whatever happens, it will be a great sporting year and our diary offers a guide to the main events, the ones you might consider taking a holiday to see.

JANUARY

Billiards and Snooker: Benson and Hedges Masters (Wembley), 26-Feb 3; **Darts:** Embassy World Professional (Lakeside Country Club, Surrey), 4-12; **Hockey:** Centenary Match, England v Ireland (Willesden, North London, 18; **Horse Racing:** Embassy Premier Chase Final (Ascot), 11; Irish Sweeps Hurdle (Leopardstown), 11; William Hill Yorkshire Handicap Chase (Doncaster), 25; **Rugby League:** John Player Special Trophy Final (venue later); **Rugby Union:** England v Wales (Twickenham), Scotland v France (Murrayfield), 18.

FEBRUARY

Athletics: European Indoor Championships (Madrid), 22-23; **Billiards and Snooker:** Tolly Cobbold English Pro Championships (Ipswich), 4-9; Dulux British Open (Derby), 16-March 2; **Cricket:** West Indies v England, one-day international (Jamaica), 18; First Test (Jamaica), 21-26; **Horse Racing:** Schweppes Gold Trophy (Newbury) 8; Wessel Cable Champion Hurdle (Leopardstown, Ireland), 15; **Motor Sport:** National Breakdown International Rally (Bradford), 21-23; **Rugby League:** France v Britain (Paris), 16; **Rugby Union:** France v Ireland (Paris), Wales v Scotland (Cardiff), 1; Ireland v Wales (Dublin), Scotland v England (Murrayfield), 15; **Soccer:** Israel v England, friendly (Tel Aviv), 26; **Sailing:** World 12-metre championships (Fremantle) from 7.

Melville: An England hope for the title

MARCH

Athletics: World Cross-country championships (Neuchatel), 23; **Billiards and Snooker:** Guinness World Cup (Bournemouth), 20-23; **Cricket:** West Indies v England, one-day international (Trinidad), 4; Second Test (Trinidad), 7-12; one-day international (Barbados), 19; Third Test (Barbados), 21-26; one-day international (Trinidad), 30; **Horse Racing:** Cheltenham National Hunt Festival, 11-13 (Waterford Crystal Champion Hurdle) 11; Tote Gold Cup, 13; Flat season begins March 22, William Hill Lincoln Handicap (Doncaster); **Rowing:** Head of the River (Mortlake-Putney), 22; Oxford v Cambridge Boat Race (Putney-Mortlake), 29; **Rugby League:** Britain v France, 2; **Rugby Union:** Wales v France (Cardiff); England v Ireland (Twickenham), 1; France v England (Paris), Ireland v Scotland (Dublin), 15; **Soccer:** USSR v England (Moscow), 26.

APRIL

Athletics: London Marathon, 20; **Billiards and Snooker:** Embassy World Professional championships (Sheffield), 19-May 5; **Cricket:** West Indies v England, Fourth Test (Trinidad), 3-8; Fifth Test (Antigua), 11-16; **Equestrian:** Badminton Trials, 17-20; **Golf:** US Masters (Augusta) 10-13; **Hockey:** Hockey Association Cup Final (Willesden), 20; **Horse Racing:** Seagram Grand National (Liverpool), 5; William Hill Scottish Grand National (Ayr), 19; **Rugby Union:** British Lions v The Rest (Cardiff), 16; John Player Special Cup Final (Twickenham), 26; **Squash:** British Open (East Grinstead), 14-22; **Soccer:** Milk Cup Final Wembley, 20; FA Challenge Vase Final (Wembley), 26.

MAY

Cricket: England v India, Texaco Trophy one-day internationals, The Oval, 24, Old Trafford, 26; **Horse Racing:** General Accident 1,000 Guineas and 2,000 Guineas (Newmarket), 1 and 3; **Rugby League:** Silk Cut Challenge Cup Final (Wembley), 3; Slalom Lager Trophy Final (Leeds) 18; **Rugby Union:** Middlesex Sevens (Twickenham), 3; **Soccer:** FA Cup Final (Wembley), 17 World Cup (Mexico), 31-June 29; **Squash:** European championships (Aix-le-Provence), 1-4.

JUNE

Cricket: England v India, First Cornhill Test (Lord's); 5-10, Second Test (Headingley), 19-24; **Equestrian:** Royal International Horse Show (Birmingham, 12-15; **Golf:** Amateur

Richards: The task of following Lloyd

Championship (Lytham St Annes), 2-7, Women's British Open (West Sussex), 23-26; **Greyhound Racing:** Derby (Wimbledon), 28; **Horse Racing:** Derby (Epsom), 4, Gold Seal Oaks, 7, Gold Cup (Ascot), 19; **Lawn Tennis:** Stella Artois championships (Queen's Club, West London), 9-15; Wimbledon championships, 23-July 6; **Soccer:** World Cup (Mexico), until 29.

JULY

Athletics: Commonwealth Games (Edinburgh), 24-Aug 2; **Cricket:** England v India, Third Test (Birmingham), 3-8; Benson and Hedges Cup Final (Lord's), 12; England v New Zealand, one-day Texaco games (Headingley), 16 (Old Trafford), 18; First Cornhill Test (Lord's), 24-29; **Golf:** Open Championship (Turnberry, Ayrshire), 17-20; English Amateur championships (Hillside), 28-Aug 2; **Horse Racing:** Coral-Eclipse Stakes (Sandown), 5, King George VI and Queen Elizabeth Diamond Stakes (Ascot), 26; Goodwood Cup (Goodwood), 31; **Rowing:** Henley Regatta, 3-6.

AUGUST

Athletics: European Championships (Stuttgart), 26-31; **Cricket:** England v New Zealand, Second Test (Nottingham), 7-12, Third Test (The Oval), 21-26; **Greyhound Racing:** St Leger, 30; **Sailing & Cowes Week:** 2-10; **Horse Racing:** Scottish Equitable Gimcrack Stakes and Tote Ebor Handicap (York), 20; **Swimming:** World championships (Madrid), 15-23; **Tennis:** US Open championships (New York), 26-Sept 7.

SEPTEMBER

Cricket: NatWest Trophy Final (Lord's), 6; **Equestrian:** Burghley Horse Trials, 4-7; **Golf:** Home internationals (Royal St Davids), 10-12; **Horse Racing:** Ladbroke Ayr Gold Cup (Ayr), 19; **Motor Sport:** Tourist Trophy (Silverstone), 7; **Surfing:** World amateur championships (Newquay), 20-28.

OCTOBER

Darts: Europe Cup (Finland), 24-25; **Equestrian:** Horse of the Year Show (Wembley), 6-11; **Horse Racing:** William Hill *Cambridgeshire* (Newmarket), 4, Tote Cesarewitch (Newmarket), 18; **Lawn Tennis:** Pretty Polly Classic (venue later), 21-26; **Sailing:** World Sailing Speed Records Week (Portland Harbour), 5-12; **Soccer:** England v Turkey (Wembley), 16, Scotland v England (Glasgow); **Sailing:** America's Cup Elimination series (Fremantle) from 1.

NOVEMBER

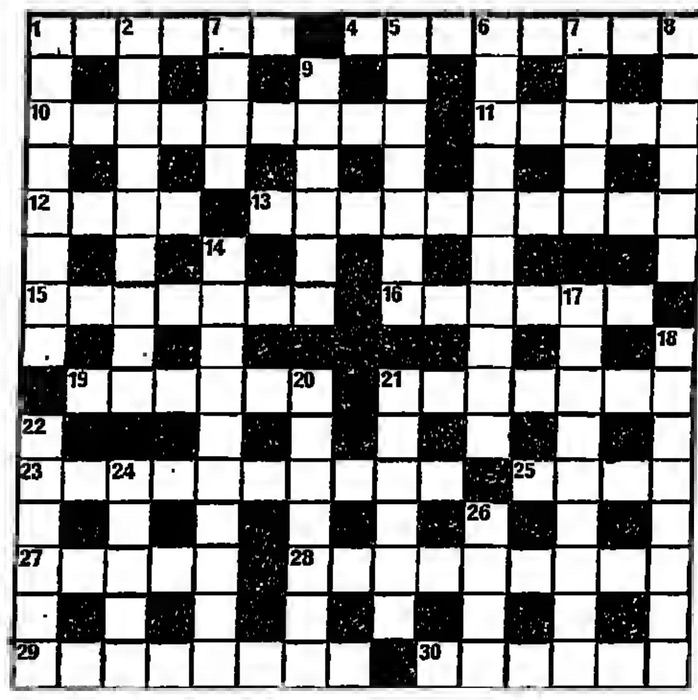
Horse Racing: William Hill November Handicap (Doncaster), 8, Hennessey Gold Cup Chase (Newbury) 22; **Motor Sport:** Lombard RAG Rally, 15-20; **Swimming:** Britain v USA, 31.

DECEMBER

Darts: World Masters (London), 5-6; **Equestrian:** Olympia Horse Show (London), 18-22; **Hockey:** Women's county championship finals (venue later), 13-14; **Horse Racing:** King George VI Chase (Kempton), 26.

A farewell to Lester Piggott

F.T. CROSSWORD PUZZLE No. 5,908



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

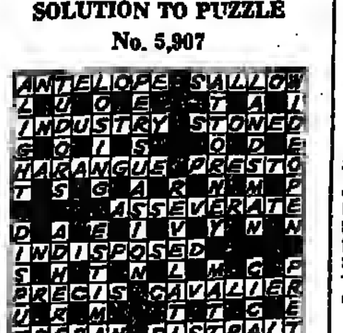
ACROSS

1 Dreads writhing vipers (6)
4 This eccentric a danger in Etruria? (8)
10 In Spain, Mary embraces John in the grass (9)
11 Saw group of nine returning (5)
12 Mark of common prison (4)
13 Moped with greater capacity? (5-5)
15 Anon in a rude manner (7)
16 Take passage starting with tremolo by French composer (6)
19 Untold, dairymaid goes back without help (6)
21 Griffon? Semi-vulgar, could be true! (7)
23 On this, time takes the upper hand (5-5)
25 What is the point of fencing? (4)
27 Friendly society headquarters? (5)
28 Golf is out, maybe, for one always lifting his head (9)
29 It can make Herman so cavalier (8)
30 It is heard at Lord's or in the Lords (6)

DOWN

1 Censure Simon had suffered (8)
2 List of people going express on Circle Line (9)
3 Prince in retirement but open to a degree (4)
5 Announce the computer information retrieved (4-3)
6 Handy game for kids in New Orleans, say? (4-6)
7 Loss of bottle causes pain to head of creamery (5)
8 Like Fitzgerald's night-nurse? (6)
9 Conservative no-pay settlement—it is one of the overbeads (6)
14 Artiste's PE, perhaps (5-5)
17 Fit out French river with counterbalance (9)
18 Support and glorify people put on it (8)
20 An alarming blood-count (7)
21 Classic winner (6)
22 Whip to change course (6)
24 Pub, part of "Queen's Arms," close to "The Bull" (5)
26 Kitty upside down in convolution (4)

SOLUTION TO PUZZLE No. 5,907



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Family-Ness. 8.35 Children Of Fire Mountain. 9.00 Saturday Superstore. 10.50 Film: Hambone And Hillie (1983). 12.15 Grandstand, including. 12.20 Football Focus; 12.55 Racing; 1.10 News, weather. 1.15 Musical Review; 1.20 Racing; 1.40 Rallysprint; 1.55 Racing; 2.10 Rallysprint; 2.25 Racing; 2.50 Rallysprint; 3.20 Gymnastics; 3.50 Half-times; 4.00 Volleyball; 4.40 Final Score. 5.05 News, weather. 5.15 Regional programmes. 5.20 The Krankies Elektronik Komik. †5.50 Film: Watership Down (1978). 7.20 Les and Dustin's Laughter Show. †7.55 Film: Death On The Nile starring Peter Ustinov, Bette Davis, Mia Farrow, Jane Birkin, Olivia Hussey and Angela Lansbury (1978). 10.10 News, Sport, weather. †10.25 Barry Norman's Guide To American Soaps. †11.15 Film: Hitchcock: The Wrong Man starring Henry Fonda and Anthony Quayle (1956). 1.00 am Weather.

BBC 2

1.00 pm Choir of the Year 1984. 1.45 What's Up Chuck? 2.10 Film: Hitchcock: Under Capricorn starring Ingrid Bergman (1949). †4.05 Film: Welles Directs MacBeth (1948). 5.50 Great Western Journey. 7.00 News, sport; weather. 7.20 Yeoman of the Guard. 9.45 Ponyberth, Play by William Jones, in Welsh with English subtitles. 10.25-12.10 am Film: The Taking of Pelham 123 starring Walter Matthau (1974).

LONDON

8.55 am Good Morning Britain. 9.25 Knock Your Block Off. 10.05 Disney at Christmas. 10.15 Treasures of the Snow starring Paul Dean (1980). 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 International Darts. 4.15 Benson. 4.45 Results. 5.00 News. 5.05 Disney at Christmas . . . The Big Bad Wolf. 5.15 Copy Cats. 5.45 Blind Date. 6.30 Film: Bronco Billy starring Clint Eastwood (1980). 8.45 News. 9.00 Blue Money starring Billy Connolly. 10.35 The Second Beast of Spitting Image. 11.35 Regional News. Timeslip. 12.05 am When the Music's Over. 12.55 Christmas Night Thoughts.

CHANNEL 4

11.00 am Christ Stopped At Eboli †11.50 Terminus. Short Film. 12.30 pm Racing. 2.10 The London Nobody Knows (1967). 5.05 The Story of Gilbert and Sullivan (1953) starring Robert Morley and Maurice Evans. 5.05 Brookside Omnibus. 6.00 The Puppet Man. 6.40 News, weather followed by A Frame With Davis. 7.15 The Far Country (1955) starring James Stewart. 9.00 Don Giovanni (1979) (English subtitles). Screen version of Mozart's opera. Ruggero Raimondo as Don Giovanni and Kiri Te Kanawa as Donna Elvira with orchestra and chorus of Paris Opera, conducted by Lorin Maazel. 12.15 am Up For Grabs.

S4C WALES

12.30 pm Racing. 2.15 World of Animation. †2.30 Silent Classics: The

Larry Hagman, BBC 1, 10.25 pm

Thief of Baghdad (1924). 5.30 Upstairs, Downstairs. 6.30 A Fmme With Davis. 7.00 Hwrlibwrli. 7.30 Newyddion. 7.45 Aderyn Papur. 8.10 Y Maes Chwarae. 10.15 The Private Life of Sherlock Holmes (1970).

REGIONS

IBA regions as London except at the following times:—

ANGLIA
4.15 pm Small Wonder. 12.05 am Comedy Tonight. 12.35 The Mystery of Christmas.

BORDER
4.15 pm Small Wonder.

CENTRAL
4.15 pm Small Wonder.

CHANNEL
4.15 pm Small Wonder. 5.05 Puffin's Pla(i)ce.

GRAMPIAN
4.15 pm Small Wonder—"The Bully." 12.05 a.m A for Agnetha. 12.35 Reflections.

HTV
4.15 pm Happy Days. 12.05 am Party With the Rovers. 12.35 HTV Weather.

SCOTTISH
4.15 pm Small Wonder. 12.05 Late Call.

TSW
4.15 pm Small Wonder. 5.05 Newsport. 12.05 am Art Blakey at Ronnie Scotts. 12.35 Postscript. 12.40 South West Weather and Shipping Forecast.

TVS
4.15 pm Small Wonder.
12.05 am All Star Rock Concert. 1.45 Company.

TYNE TEES
4.15 pm The Grumbleweeds Christmas Radio Show. 12.05 am Poet's Corner.

ULSTER
4.15 pm Small Wonder. 12.05 am Show Express. 12.30 News at Bedtime.

YORKSHIRE
4.15 pm Small Wonder. 12.05 am Festival Folk.

RADIO

BBC RADIO 2
8.05 am David Jacobs (S). 10.00 Sounds of the 60s. 11.00 Album Time (S). 1.00 pm Radio Active. 1.30 Sport on 2. 6.00 Folk on 2. 7.00 Beat the Record. 7.30 Gala Concert (S) Celebrating the centenary of the Leicester Philharmonic Choir. 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Nick Page (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade Glinka, Belber, Duhas, Groviez, Rimsky-Korsakov, Bruch (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release Ravel, Elgar (S). 11.20 Royal Liverpool Philharmonic Orchestra conducted by Marek Janowski Part 1: Gluck, Mozart (S). 11.55 This Sporting Life. 12.00 pm Concert Part 2: Bruckner (Symphony No 8) (S). 1.00 News. 1.05 Heinrich Schutz Psalm 118 (S). 2.30 Ars Gallica Chabrier, Chausson, Satie, Debussy, Faure (S). 4.30 Domenico Scarlatti (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum on 1985. 6.45 Music for the Iron Voice Dupre, Bonnet, Nibelle, Tournemire, Vierne and Demessieux (S). 7.30 Theodora Oratorio by Handel. Denys Darlow directs the Tilford Bach Festival Choir and Orchestra (S). 8.35 As Others Saw Us. 8.55 Theodora (S). 10.30 Hiding Behind the Camera. 11.00 Musica Antiqua, Cologne attrib J. S. Bach, but now thought to be by his sons (S). 11.40 Are You Still Awake? 11.57 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather. Travel. 8.00 News. 8.10 Today's Papers. 8.15 Wretchedness in Wrexham. 8.30 I'm Sorry I haven't A Clue (S). 9.00 News. 9.05 The Countryside in Winter. 9.50 A Whiff of Trafalgar. 10.00 Pick Of The Year (S). 11.00 News, Travel. 11.05 Westward Ho! (S). 12.00 News, Money Box. 12.27 pm News Quiz of the Year (S). 12.55 Weather. 1.00 News. 1.10 Any Sporting Questions 1985. 2.00 News, Sense and Nonsense (S). 3.00 News, My Music (S). 3.30 A Zoo With A View. 4.00 Computacarol (S). 4.30 Kaleidoscope. 5.00 News. 5.05 Radio 4 Christmas Competition. 5.10 The Pig Has Two Tales. 5.35 The Foodyke Saga (12). 5.55 Weather, Travel. 6.00 News. Sports. 6.30 Paul Temple and the Geneva Mystery (6). 7.00 Edwin and Willa (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Once Upon A Time (S). 11.00 News Quiz of the Year (S) 11.30 The Never Again Show (S). 12.00-12.15 am News, Weather.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Sea Hear! 10.55 The Pink Panther Show. 11.10 Film: The Alamo. (1960) starring John Wayne. 1.55 pm News. 2.00 EastEnders. 3.00 Film: The Adventures of Robin Hood. Errol Flynn and Olivia de Havilland (1938). 4.40 The Christmas Rock *Gospel Show*. 5.15 *Earthstars*, a nature fantasy from the BBC's Natural History Unit. 5.15 Oliver Twist. 6.25 News; weather. 6.35 Songs of Praise. 7.15 Film: Gandhi (1982). Richard Attenborough's epic biography of Mahatma Gandhi, starring Ben Kingsley including 8.40-8.55 News; weather. 10.30 Review of the Year 1985. 11.45 Weather.

Sheila Walsh, BBC 1, 4.40 pm

BBC 2

†11.40 am Champion, the Wonder Horse. 12.05 pm Windmill. 1.05 States of Mind. †1.55 Film: Welles Directs: The Lady from Shanghai. (1948) with Rita Hayworth. 3.20 Aladdin and the 40 Thieves. 4.20 Under Sail. 4.40 Film: Bridge on the River Kwai. David Lean's 1957 classic starring Alec Guinness. 7.15 The Royal Ballet in the Nutcracker. Lesley Collier and Anthony Dowell star *in* Peter Wright's production of Tchaikovsky's Christmas fairytale, conducted by Rozhdestvensky in the Royal Opera House, Covent Garden. 8.55 The Natural World: The Plant Hunters. 9.40 Comrades: Hunter and Son. 10.20 Submarines at War. 10.30-12.40 am Film: Serpico. 1973 starring Al Pacino.

LONDON

8.55 am Good Morning Britain. 9.25 Cartoon Time. 9.35 The Merrie Melodies Show. 10.00 *Morning* Worship. 11.00 Getting On. 11.30 Blind Faith. 12.00 The Smurfs. 12.15 pm The Great Muppet Caper starring Diana Rigg, John Cleese, Robert Morley (1981). 2.00 Regional news followed by Lindisfarne: The Cradle Island. 2.30 Starflight One: The Flight That Didn't Return starring Lee Majors (1982). 4.30 Golden Pennies. 5.00 Bullseye. 5.30 Legend on Ice — a true gift of Christmas. 5.30 News. 5.40 Highway. 7.15 Sixty Tiny Fingers. 8.15 92 Grosvenor Square starring Hal Holbrook and David McCallum. 10.00 News. 10.15 Lyrics by Tim Rice. 11.45 Regional News followed by Graceland. 12.45 Night Thoughts.

CHANNEL 4

11.00 am Christ Stopped at Eboli (1979). 11.55 The World of Women's Golf. 12.40 pm Chivalry of Heaven. †1.45 Folly To Be Wise (1952) comedy starring Alastair Sim. †3.25 Friday The Thirteenth (1933) with Ralph Richardson. 5.00 Citizen 2000. 6.00 American Football. 7.15 News, followed by Dabbawallahs. 8.30 Astonishing Duos: Itzhak Perlman and Pinchas Zukerman. 9.30 The Mysteries: The Passion. †11.15 Christmas in July (1940).

S4C WALES

2.00 pm Feature Film: The Story of Gilbert and Sullivan (1953). 4.00 Mewn Y Plant. 4.30 Pa Le, Pa Fodd. 5.00 That's Street Entertainment 1985. 6.00 American Football. 7.10 Superted. 7.20 Newyddion. 7.30 Y Gwaith. 8.50 Hywel Gwynfryn. 9.25 Dechrau Canu, Dechrau Canmol. 9.55 Sylw Un. 10.05 The Jewel in the Crown. 11.05 Astonishing Duos: Itzhak Perlman and Pinchas Zukerman.

REGIONS

IBA regions as London except at the following times:—

ANGLIA
9.25 am Footsteps. 12.00 Weather Trends. 12.05 pm Cartoon Time. 11.45 Short Story Theatre. 12.15 am The Goose is Gone.

CHANNEL
10.55 am Today's Weather. 10.56 Starting Point. 11.00 Link. 5.25 pm Channel News.

CENTRAL
11.45 pm Tales from the Darkside.

Ben Kingsley, BBC 1, 7.15 pm

GRAMPIAN
10.00 am Sesame Street. 5.30 pm Scotsport. 11.45 Doug Henning's Magic Special. 12.40 am Reflections.

HTV
11.45 pm Kojak. 12.45 am HTV Weather.

SCOTTISH
9.25 am Screen Test. 2.00 pm I'm Awa Tae Bethlehem Toon. 2.30 Starflight One. 5.30 Scotsport. 11.45 Late Call. 11.50 Wanted Dead Or Alive.

TSW
9.25 am Getting On. 11.00 The Merrie Melodies Show. 12.00 Look and See. 11.45 pm Shelley. 12.15 am Postscript. 12.20 South West Weather and Shipping Forecast.

TVS
11.45 pm Film: The Last Chapter (1981). 12.15 am Company.

TYNE TEES
9.25 am Morning Glory. 11.45 pm Epilogue.

YORKSHIRE
9.25 am Weather followed by Getting On. 11.00 The Merrie Melodies Show. 11.45 pm Shelley. 12.15 am Five Minutes.

RADIO

BBC RADIO 2
(S) Stereo on VHF
7.30 Roger Royle (S). 8.00 Melodies For You (S). 11.00 Desmond Carrington (S). 1.00 pm Ray Moore Presents Two's Best (S). 2.00 Benny Green (S). 3.00 Alan Dell (S). 4.00 Tons of Hobley (S). 4.30 Sing Something Simple (S). 5.00 Charlie Chester. 7.00 Kenneth Alwyn. 7.30 A Box a the Operas. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.40 Ernie Jones. 11.00 Sounds of Jazz. 1.00 am Nick Page (S). 3.00 A Little Night Music.

BBC RADIO 3
7.00 News. 7.05 *The Court of Mannheim*, J. Stamitz, K. Stamitz, A. Stamitz (S). 8.00 Bach Cantatas 1724 No 122; Das neugebor'e Kindelein (S). 8.15 Beethoven String Quartet in E minor Op 59 No 2 played by the Delme Quartet (S). 9.00 News. 9.05 Your Concert Choice Chopin, Schubert and Dvorak (S). 10.30 Music Weekly. 11.30 Haydn and Schubert Song recital by Mitsuko Shirai. 12.15 pm Britten Conducts Mozart. A concert *first broadcast in* 1969. Part 1: Adagio & Fugue (K546) and Piano Concerto No 22. 1.00 *Words*. 1.05 Concert, Part 2: Symphony No 40 (S). 1.50 Bach On Record. 2.25 Carmen Agnes Baltsa sings the title role and Karajan conducts. From the opening night of the 1985 Salzburg Festival. (in French). 3.20-3.25; 4.20-4.25 Interval Reading. 5.30 New Premises. 6.15 Gabrieli String Quartet, Schubert, Maw; 6.55 Interval Reading; 7.00 Ravel. 7.30 The Figaro Plays, "The Barber of Seville. 9.20 BBC Philharmonic Orchestra conducted by Edward Downes; Beethoven (*Leonore* No 2), Prokofiev (Violin Concerto No 2, with Igor Oistrakh). Ravel (Daphnis et Chloe No 2) (S). 10.20 Chopin Piano recital by Peter Katin (S). 11.10 Arvo Part. A performance of his "Tabula Rasa — Concerto for two violins, string orchestra and prepared piano." 11.40 Are You Still Awake? 11.57 News.

BBC RADIO 4
7.00 am News. 7.10 Sunday Papers. 7.15 Apna Hi Ghar Samajhiye. 7.45 Bells. *7.50 Turning Over New Leaves*. 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers. 8.15 Sunday Best. 8.50 Leslie Crowther. 9.00 News. 9.10 Sunday Papers. 9.15 Morning Service. 10.00 The Archers. 11.00 News Review of the Year. 12.00 News; Just a Minute (S). 12.30 pm Guyler Galore. 12.55 Weather. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News: Talking About Antiques. 4.30 *Kaleidoscope*: Alan Ayckbourn. 5.00 News: Travel.
5.05 pm. Solstice (s). 5.35 The Foodyke Saga (13). 5.55 Weather. 6.00 News. 6.15 Radio 4 Christmas Competition. 6.20 Just the Job. 6.30 Bookshelf. 7.00 Travel: The Mystery of the Blue Train (s). 7.30 Round Britain Quiz. 8.00 Pick of the Year (s). 9.00 *News*: The Speech Owls (s). 9.58 Weather. 10.00 News. 10.15 Workforce. 11.00 Mary and the *Incarnation* (s). 11.15 The Countryside in Winter. 12.00 News; Weather.